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Transportation**

Office of the Secretary
of Transportation

Exports, Transportation and Private/Public Cooperation

University Research
Program

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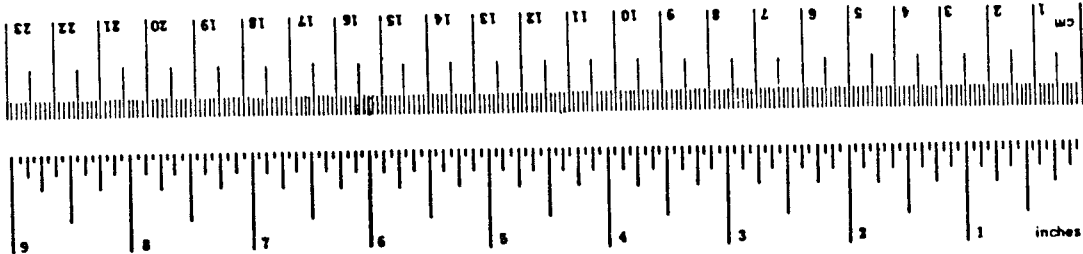
METRIC CONVERSION FACTORS

Approximate Conversions to Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
LENGTH				
in	inches	2.5	centimeters	cm
ft	feet	30	centimeters	cm
yd	yards	0.9	meters	m
mi	miles	1.6	kilometers	km
AREA				
sq in	square inches	6.5	square centimeters	cm ²
sq ft	square feet	0.09	square meters	m ²
sq yd	square yards	0.8	square meters	m ²
sq mi	square miles	2.6	square kilometers	km ²
acres	acres	0.4	hectares	ha
MASS (weight)				
oz	ounces	28	grams	g
lb	pounds	0.45	kilograms	kg
	short tons (2000 lb)	0.9	tonnes	t
VOLUME				
teaspoon	teaspoons	5	milliliters	ml
fl oz	tablespoons	15	milliliters	ml
c	fluid ounces	30	milliliters	ml
pt	cups	0.24	liters	l
qt	pints	0.47	liters	l
gal	quarts	0.95	liters	l
cu ft	gallons	3.8	liters	l
cu yd	cubic feet	0.03	cubic meters	m ³
	cubic yards	0.76	cubic meters	m ³
TEMPERATURE (exact)				
°F	Fahrenheit temperature	5/9 (after subtracting 32)	Celsius temperature	°C

Approximate Conversions from Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
LENGTH				
mm	millimeters	0.04	inches	in
cm	centimeters	0.4	inches	in
m	meters	3.3	feet	ft
m	meters	1.1	yards	yd
km	kilometers	0.6	miles	mi
AREA				
cm ²	square centimeters	0.16	square inches	sq in
m ²	square meters	1.2	square yards	sq yd
km ²	square kilometers	0.4	square miles	sq mi
ha	hectares (10,000 m ²)	2.5	acres	acres
MASS (weight)				
g	grams	0.035	ounces	oz
kg	kilograms	2.2	pounds	lb
t	tonnes (1000 kg)	1.1	short tons	short tons
VOLUME				
ml	milliliters	0.03	fluid ounces	fl oz
l	liters	2.1	pints	pt
l	liters	1.06	quarts	qt
l	liters	0.26	gallons	gal
m ³	cubic meters	35	cubic feet	cu ft
m ³	cubic meters	1.3	cubic yards	cu yd
TEMPERATURE (exact)				
°C	Celsius temperature	9/5 (then add 32)	Fahrenheit temperature	°F

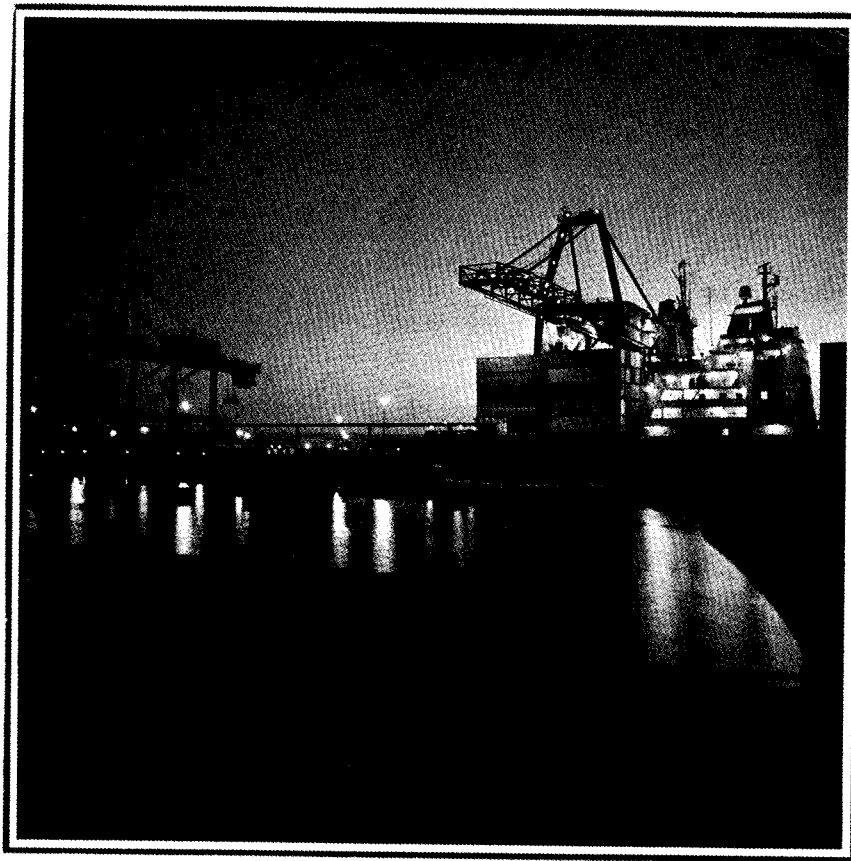


*1 in = 2.54 (exactly). For other exact conversions and more detailed tables, see NBS Spec. Publ. 286, Units of Weights and Measures, Price \$2.25, SO Catalog No. C13.10-286.

Proceedings of Workshop, December 2, 1983

**EXPORTS, TRANSPORTATION AND
PRIVATE/PUBLIC COOPERATION**

**Working Together to Meet the Export Transportation
System Needs to the Year 2000**



**U.S. Department of
Transportation**

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Office of the Secretary
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University Research Program
DTRS5681-C-00012



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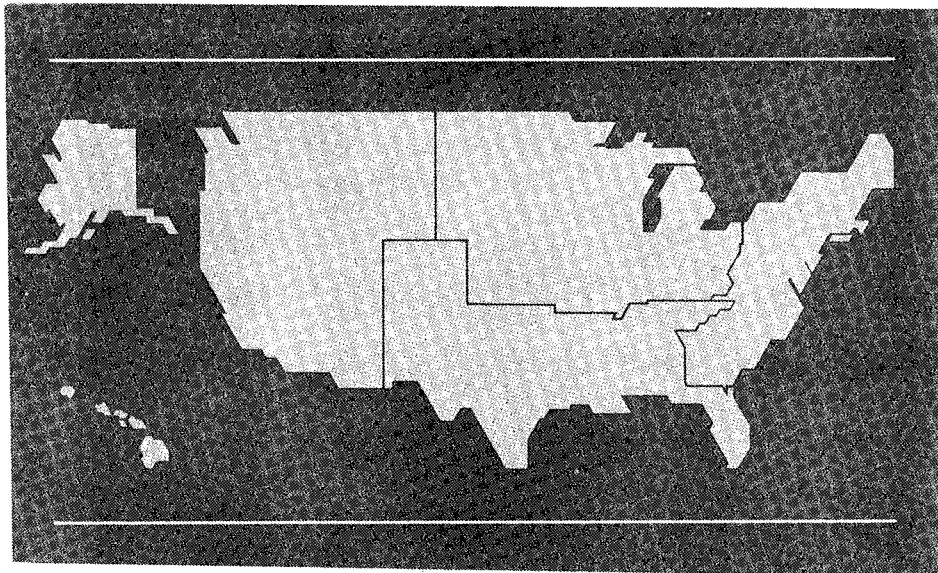
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Foreword

The U.S. Department of Transportation and California State University, Long Beach are pleased to present in excerpted form the proceedings of the **Workshop of Exports, Transportation and Private/Public Cooperation** held at the University, December 2, 1983.

As the nation adjusts to changes in the world economy and in its own deregulated transportation system, it is important that there be regular opportunities to consider how it all fits together, particularly for exports. The workshop framework and future orientation will be of value to all concerned by exports and how effectively our transportation system works.

William Brown, Director
Officer of the Secretary of Transportation
University Research Program
U.S. Department of Transportation

Mel D. Powell, Director
Center for Public Policy and Administration
California State University, Long Beach

June, 1984

Sponsored by:

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Presented by:

Center for Public Policy and Administration
California State University, Long Beach

In co-operation with:

California State World Trade Commission
Export Managers Association of California
Los Angeles Area Chamber of Commerce
Los Angeles International Trade Development Corporation
Southern California Association of Governments
Southern California Transportation Action Committee

Workshop sponsored by Research Contract

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Office of the Secretary of Transportation
University Research Program
U.S. Department of Transportation

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CONTENTS

Section	Page
Introductions	
Dr. Peter L. Shaw, Institute for Transportation Policy and Planning	1
Dr. Mel D. Powell, Director, Center for Public Policy and Administration	3
Dr. Thomas J. Clark, Mayor, City of Long Beach	4
Keynote Address "Long Beach Trade Commission"	
C. Robert Langslet, President Long Beach Harbor Commission	5
Panel: Promoting Exports and Private/Public Opportunities	7
Panel: Export Demand for American Output	15
Luncheon Address "California State Role in Exports"	
Gregory Mignano, Executive Director California State World Trade Commission	22
Keynote Address "A Full Service Transportation Perspective—Getting Freight to the Seaports"	
Robert E. Irion, General Manager Union Pacific Railroad	25
Panel: Domestic Transportation System Role in Exports	32
Panel: Intergovernmental Public Policy and Export Transportation—Making the System Work	42



Dr. Peter L. Shaw
Professor
Center for Public Policy and Administration

From the vantage point of December, 1983, it is clear that the United States has a variety of challenges for public policy addressing international trade, the domestic economy and transportation. Newspaper headlines help make these "opportunities" most visible to the nation's citizens. But they also provide a complex and confusing picture. For many, it may mean loss of jobs because American industry is less competitive. For others, it might mean higher interest rates, a stronger dollar, lower transportation cargo volume, or less transportation service.

Our experts today will address the many facets of the workshop theme. They are outstanding individuals in the private and public sectors. They understand that the American transportation system was created primarily for domestic use and not for exports. They recognize the possibility that exports will significantly expand by the year 2000 and that the transportation system in key locations might well be overloaded. With this joint concern, they, as the workshop theme, wish to work together to plan for the future.

More specifically, the major speakers and panelists will discuss the transportation importance of such growth and opportunities for the private and public sectors working together to help meet the export system's land and port transportation support role. Accordingly, the workshop is organized to address fundamental questions pertinent to the private and public sector:

***Promoting Exports—A Joint Venture:**

- what is the private sector role in the promotion of exports?
- what is the public sector activity?
- are states and local government increasing their roles; should they and how?
- what new legislation and programs facilitate the export process?
- what are the possibilities for private and public organizations to work together for identifying and developing exports?
- how do Export Trading Companies form (joint activity models, large and small)?
- what business opportunities are there for state and local governments, ports, and transportation carriers?

***Export Demand for American Output**

- what is the current export situation?
- what is the mix of exports?
- what role do agricultural products and natural resources play?
- can American industry expand to meet potential world population increases for such basic life-support items?
- where will the future demand be strong?
- what will be the domestic points-of-origin for export goods and commodities?
- how are projections made?
- what is the role of private and public forecasts?

***Domestic Transportation System Export Role:**

- how does the system operate from point-of-origin in the "hinterland" to the seaport?
- what is carried by motor freight, rail, pipeline?
- how does the system work for intermodal freight (e.g., containers) for the carrier, terminals, storage, and port handling?
- can the system handle potential volume increase for the year 2000?
- what is the impact of deregulation on shipper and carrier decisions?
- at the port, what requirements do ocean liner operations have?
- what opportunities exist of joint private/public cooperation to meet the operational needs of the domestic transportation system?
- how can the system be improved?

***Intergovernmental Public Policy and Export Transportation:**

- what federal, state and local laws control the transportation system?
- how does the system operate today for the principal export cargo from the interland to the seaport?
- given potential year 2000 increases, how will the system interact?

- are the laws and policies coordinated for the export process?
- what are the strengths and weaknesses of the existing system for exports?
- how might the system be improved?
- can the intergovernmental policy framework be targeted to facilitate and encourage exports?
- how can private and public cooperation be enhanced for meeting both national export transportation system needs and local “public policy goals?”





Dr. Mel D. Powell
Director
Center for Public Policy and Administration

It is my pleasure to welcome you to the University and this conference. We at the University are accustomed to seeing changes and their effects. But some of the most dynamic sectors visible today are our economy, international trade and certainly, transportation.

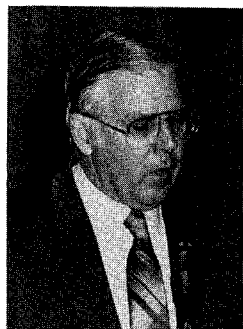
A recent observer of societal changes, John Naisbitt, has said that: "in regard to the state of our economic future, things are not going to get better; they are going to get different." (*Megatrends*) To illustrate, in the 1970's, 20 million new jobs were created in the United States, but only 5% of those new jobs were in manufacturing, while 90% were in the information and knowledge sector. Further, eighty percent of the new jobs were created in companies that were four years old or younger. Three years ago, the number one occupation in the United States became that of clerk. One could briefly summarize the history of the United States by recalling that the first major occupation was farming; the second major occupation was labor and manufacturing, and now the major occupation is that of clerk, an information person.

Another macro-change worth noting here is the change from a national to a global perspective in manufacturing, a most important shift given America's shift to an information society. Every industrial country in the free world is deindustrializing. By the year 2000, one third of the manufactured goods in this world will be manufactured by Third World countries, by developing countries. The United States

and the rest of the developed countries in the world are on their way to losing their dominant position in the old industries — such as the manufacturing of automobiles, steel, machinery, appliances, textiles, shoes and clothing.

A major factor fueling the third world industrial drive is its growing work force, which is huge in size compared to that of the currently developed world, while the United States will continue to produce less in the total world market, foreign manufactures will make stronger inroads with American consumers. To quote John Naisbitt, "Not simply that yesterday is over but that tomorrow is not going to last forever either."

From another perspective, what is happening throughout the world, according to Peter Drucker, is that the industrial nations are moving to a practice of "production sharing". Production sharing may be the prevailing form of world-wide economic integration. There is a compelling reason for this increased interdependence in the global economy and it is in the self interest of the United States and other industrialized countries to see that the developing countries also become industrialized. It is only by developing the Third World that the industrial countries will be assured of adequate markets for their goods. In an interdependent world, aid is not charity; it is an investment. And it is especially strategic investment considering that traditional markets are quickly becoming saturated.



Dr. Thomas J. Clark
Mayor
City of Long Beach

I'm very pleased to be here today to welcome you to the City of Long Beach. Long Beach is very proud of our accomplishments in the areas of importing and exporting. Due to the leadership of our commission and our administration, we have built an exemplary physical facility which has resulted in Long Beach having the largest volume of trade of any port on the West Coast.

If we are going to continue to be successful, we realize that we cannot operate independently. We need to operate with all the different players in this field of foreign trade. We have worked and will continue to work with all of you who have an interest in foreign trade — the Department of Transportation, the Department of Commerce, the State of California, and the County of Los Angeles — to bring about increases.

I have had the good fortune over the last year to be in Mainland China, Taiwan, Japan, and the Phillipines and to see what an active and competitive marketplace this is. It is one that we need to compete in and there are excellent opportunities there. I think that those of us on the West Coast realize that the Pacific Rim trade is large and growing and offers enormous opportunities. We need to increase this trade and work with those who are anxious to trade with us. I think that we have a degree of anxiety about some of the policies

we are going to pursue. I, for one, am very much opposed to having any restrictions on trade. I think it would have an adverse affect on the United States which has been a trading country and trading society. Much of our success has been based on our ability to trade and compete in the open marketplace. I think that if we begin to act in a way that indicates we cannot compete in that marketplace, it is going to be very much of a liability to us and one that we cannot afford to have.

I think we need to compete. We have the ability, capacity, knowledge and opportunities to do that. I am sure that seminars and activities such as the one that Long Beach State is putting on today will help. I'd certainly like to compliment Peter Shaw, Mel Powell and the University for putting on this seminar today. Foreign Trade is an area which mystifies many people and seminars such as this are very helpful. The City and the Port are anxious to become even more involved in foreign trade. We look forward to working with any of you who wish to work with our Port. The Port has very excellent and knowledgeable staff who can help you and be supportive of you. Again I'd like to thank the University for having this event and with you success during the day. Thank you.



Keynote Address

“LONG BEACH TRADE ACTIVITIES”

C. Robert Langslet

President

Long Beach Harbor Commission

Member

California State World Trade Commission

California's agricultural, electronic, aerospace and entertainment service products are a full thirteen percent of all U.S. international trade. The trade commission is closely monitoring the impact of Washington on California trade potential, Custom's attempt to control the export of high technology equipment, domestic content legislation and, safeguarding California's competitive edge in world trade.

Long Beach is the West Coast's leading gateway to the Pacific. In 1982, 49 million metric tons of cargo passed through the Port. The most ever handled by any harbor in a single year. Of that, 13 million tons came through in containers. Long Beach is second only to New York-New Jersey in tonnage and expects to surpass them in about two years. According to Department of commerce figures, trade across the Pacific is finally surpassing the dollar volume of cargo crossing the Atlantic.

This avalanche of cargo is going to be a big problem, and that problem is space. This is something the Port is running out of and running out of very fast. Right now, the Harbor District operates within its tightly confined 4.5 square miles. This area has a maximum cargo handling capacity of 75 million metric tons. By the year 2000, the demand will be double that.

We have considerable success in exporting chemicals, grain, citrus, cotton machinery and high tech components. One of our main exports is petroleum coke. Once considered a waste product, coke is in great demand by our Far Eastern customers for fueling their manufacturing industries.

A growing number of prominent customers-based businesses are headquartered in the West. To name two; K-Mart and Montgomery Ward are beginning to route their containerized cargo in through Southern California. They are finding that it is paying big dividends. We call this “land-bridging”. Last year the Port had a profit of \$25 million.

Currently we have a big cement terminal that's bringing in cement from the Far East; we also have the big Koppel grain elevator that is now owned by Agrex. Positives for Long Beach include situation, locale and service.

The proposed World Trade Center is going to be a \$220 million multi-story development located on a prime piece of land—thirteen acres in downtown Long Beach, bounded by Ocean, Magnolia, Broadway and the Long Beach Freeway. Long awaited, a 104 acre intermodal container transfer facility is being developed mid-way between the Port of Long

Beach and the Port of Los Angeles. This transfer yard will dramatically reduce the freeway traffic of trucks carrying containers from the harbor and all the way into East Long Beach.

Last year, Long Beach completed two large scale projects: the Foreign Trade Zone in North Long Beach and the high tech \$23 million Arco petroleum terminal. Equipped with a highly computerized control center and the most advanced metering capability in the field, the terminal exemplifies the latest state of the art petroleum transfer capabilities. It's designed to handle the super-size tankers and the terminal berth right now is seventy-six feet deep. With our long range plans to dredge the main channel (which is now sixty feet deep) and increase it to seventy-six feet, that would be sufficient to handle full loaded vessels in the 265,000 ton dead-weight class, the largest ships afloat. Now, this terminal can off-load up to 70,000 barrels of crude oil per hour.

Long Beach Harbor directly affects more than 175,000 jobs in Southern California and generates in excess of \$4.4 billion annually into the Southland's economy. Projected through the year 2000, we estimate the Port activity will generate more than 200,000 additional employment opportunities in both direct and indirect activities.

PROMOTING EXPORTS AND PRIVATE/PUBLIC OPPORTUNITIES

Richard Hoffman

Project Manager

International Commerce Committee

Los Angeles Area Chamber of Commerce

Daniel Young

District Director

International Trade Administration

U.S. Department of Commerce

Monika Wegener

Senior Trade Consultant

Los Angeles International Trade

Development Corporation

Kingdon Dietz
Trade Specialist
Market Development
Maritime Administration
U.S. Department of Transportation

Vance Baugham
Director
United Export Trading Company

Richard Hoffman

I am Richard Hoffman. I am the Senior Project Manager for the International and Maritime Department of the Los Angeles Area Chamber of Commerce. I was particularly pleased to be asked by Peter to chair this panel as I know all of the panelists and I have a great respect for their capabilities. I know that they are going to pass on a lot of good information to you. You have already heard a lot this morning and you will continue to hear more as the day progresses on the importance to the United States, and to our own area here, of exporting. If I may paraphrase an old academic hack, "publish or perish", I think that both the United States and particularly the southern California area, are at a point where we have to say "export or expire". It is becoming increasingly more important to all of us. In the past, as most of you probably already know, our GNP was such and our buying power was such in this country, that we were utilizing 95-96% of our GNP ourselves. That situation is no longer true. We do have to do much more exporting than we have been.

The subject of this panel is "Promoting Exports: Private and Public Opportunities". I think that we might add another word to that title and put in the word "cooperation". I think that increasingly the private and public sectors are working together, and you will find that our panel today consists of representatives from both the public and private sectors.

Daniel J. Young

As a businessman, intending to export, what do your federal tax dollars buy for you? First of all, they buy marketing information, counselling help, and in some cases, financial assistance under the guaranteed loan programs sponsored by the Small Business Administration.

I want to concentrate on the marketing aids available from the federal government. The Small Business Administration has a group of people, the Service Corps of Retired Executives, better known as SCORE. Many of them have had international trade experience and are prepared to work with you. If your particular field is agriculture, don't forget there is a section of the Department of Agriculture, the Foreign Agriculture Service, that can offer you very sophisticated marketing assistance.

My agency, the U.S. Department of Commerce has Southern California offices located in San Diego, the City of Orange, and in Brentwood. We have information and specialists who are prepared to work with you to help you find out if your products are exportable, and the dollar sales potential of your products in particular markets overseas. They will counsel with you to develop the initial marketing strategy and marketing plan you need to have to begin your foreign sales efforts.

For example, we can tell you through cumulative monthly reports that we receive from the U.S. Customs Bureau, the value of American exports to foreign markets; through Global Market Surveys, which are special industry reports, where these products are best finding markets, market trends and the competitive environment of products. Through our Overseas Business Reports, we have information on how you market in particular countries, what is the general trade outlook, how is transportation handled there, the distribution and sales channels, and credit information. If you are selling, the most important thing is, will you get paid? We can develop for you an Export Mailing List from the 140,000 forms around the world that have bought



American products, created for your product and the country in which you want to market. Tailored further, we can develop information as to whether importers, agents, representatives or distributors are your best market entry point. We can give you the names and addresses of these firms so that you can tailor a direct sales letter to these people and present your product to them. Through our Foreign Commercial Service, The Department of Commerce can check out the financial viability of a company so you can know your customer. The Department, again through FCS, constantly sponsors trade shows overseas representing virtually every product. We also sponsor catalogue shows and video catalogue shows; the latter allows you to demonstrate your product in use. And finally, there are trade missions where you go with a group under Department of Commerce sponsorship to showcase your product along with your competitors to a larger audience than you would get if you went on your own.

Kingdon B. Dietz

Although the United States no longer has the largest fleet of merchant ships in the world, there is none better in performance, seamanship and continuing dedication to innovation in ship design, cargo handling and documentation. The United States does have the largest "intermodal" fleet in the world, and this is the category of ocean freight in which most of you are involved or interested.

With respect to the effect of our merchant marine on the U.S. economy, we are all aware of the staggering, and still growing, deficit we have in our international balance of payments. If you use a foreign flag ship for your exports (or imports), you are actually buying a foreign service and paying for it with U.S. dollars. This adds to the flow (flood) of dollars going in to the economy of some foreign country, thus worsening our deficit. But, if you use an American flag ship, seventy one cents of each dollar of freight paid to that carrier stays in America's economy. This, then, enables an American company to earn dollars from handling the transportation part of the transaction. Put another way, of each one dollar of freight paid to an American steamship carriers, fifty cents goes to help reduce our deficit in international balance of payments. This impacts positively on literally billions of dollars involved as ocean freight costs for America's waterborne imports and exports of *general merchandise only*.

If you are now, or contemplate becoming a DISC i.e. Domestic International Sales Corporation, there is a positive benefit in using American flag steamship or air carriers for your exports. The DISC law permits you to charge fifty percent of your freight transportation costs as a promotional expense. This works out to a two and a half percent "bonus" on your freight costs. If you can determine that you could use an American flag steamship line or airline at the same costs as using any foreign carrier to get your product to an overseas prospect, you might then be able to factor this two and a half percent saving into your quote or pro-forma,

thereby becoming that much more price-competitive against your foreign competition.

As part of the Maritime Administrations marketing program in behalf of the American flag merchant marine, in addition to personal, one-on-one visits to corporate executives, we also participate as an exhibitor (service booth) in several very large trade shows in Southern California, Nevada and Arizona. The principal industries involved are the huge automotive "aftermarket", automotive import parts and the exporters of fresh produce. In addition to our booth calling attention to the U.S. flag merchant marine and the urgent need for its support by American businessmen, we also are able to answer questions from many of the visitors (and exhibitors) at the show with respect to transportation of their products.

One of several factors which impacts negatively on the greater use of U.S. flag ships by American businessmen, is that Americans generally try to export on an FOB factory basis and to buy overseas CIF. They do this for a number of reasons, among which is the desire to avoid becoming involved with the transportation of the merchandise. They get no argument from their foreign trading partners as this is precisely what they want. In this arrangement, the foreign buyers or sellers control the routing (choice of carrier), the choice of insurance company and frequently, the freight forwarder to be used. This provides the opportunity to steer this business to their own national flag carriers, insurance companies and forwarders. Our American companies are cut out of the picture.

Aside from assisting in any way we can on the transportation side of things, we try to find other ways of assisting American manufacturers to compete successfully, drawing on the many years of experience most of us in the Office of Market Development have had. One interesting approach I came across a long time ago is a way in which you can use freight rates as a marketing tool. This employs computations based on the generally accepted ratio of "fixed" versus "variable" costs in the manufacturing process. If certain factors of product value and density are present, it may be possible to profitably enter or to increase penetration of foreign markets by fully absorbing the cost of freight transportation. This enables you to quote a delivered price which will be much more in line with a foreign competitor who may be much closer to the prospect than you are. If any of you would be interested in exploring this concept, I am available at your convenience.

Vance Baughman

Statistically the United States is the greatest trader on earth. Our percentages run only about 9% of our GNP, compared to Japan at only 15%, whereas other countries, European countries, can typically run anywhere from 20-40% of their GNP in export activity. We still have and are recognized as having some of the finest quality products on the face of the earth. And our productivity is among the finest; we say if we're number two behind Japan, we're losing. Being

number two behind Japan's productivity, I think is something to be proud of. Our problem really to me is, as a trader, we don't properly export our advantages, that quality of product and that productivity; when I say product assume I also mean service. In my role in working with firms, I think the biggest problem I've seen in the area of looking at the market, is the tendency of U.S. firms to be reactive instead of active in exporting. For most of them that do, trading particularly initially is not planned. They react to the aggressive foreign buyer and seller, and their whole activity begins with a plan that's developed by the advantage or to the advantage of that foreign party. Let me give you my formula to a marketing plan:

1. Have the product for the service
2. Develop your market
3. Concept of payment, what are the prices of your product or service
4. Develop the channels of distribution within your market
5. Promote your product.

Nothing, literally nothing, not even air anymore, promotes itself.

To be successful, you need:

1. Right product or service
2. The marketing plan
3. Financial resources
4. Commitment, which backs it all up and makes you the active exporter.

Initially exports often mean additional profit at minimal extra cost, so they can actually be more profitable. There are special tax advantages and something called DISC, Domestic International Sales Corporation, and finally, what I want to hit most importantly, is the new piece of legislation called the Export Trading Company Act. It allows some rather astonishing capabilities that may or may not have a significant impact on international trade in America. First of all it allows banks to invest up to 5% and loan up to 10% of their total capital and surplus, which is quite significant. What I see for the trading company is an opportunity, primarily for small to medium sized firms, through these trading companies to have the resources of a large or major corporation internationally. Where they all of a sudden find themselves in the position of having expertise in all the various areas that are required to successfully deal in international markets.

Monika Wegener

ITDC was established by Mayor Tom Bradley in April 1982, as a non-profit, tax-exempt corporation to assist small to medium size manufacturers to develop export programs. Initially, ITDC is being funded by the Los Angeles Harbor Department and the Department of Airports. ITDC was established to create new jobs in Los Angeles, expand the tax base in Los Angeles, attract and establish new foreign direct investment into the City, and enhance the image of Los Angeles as a major West Coast gateway for foreign trade.

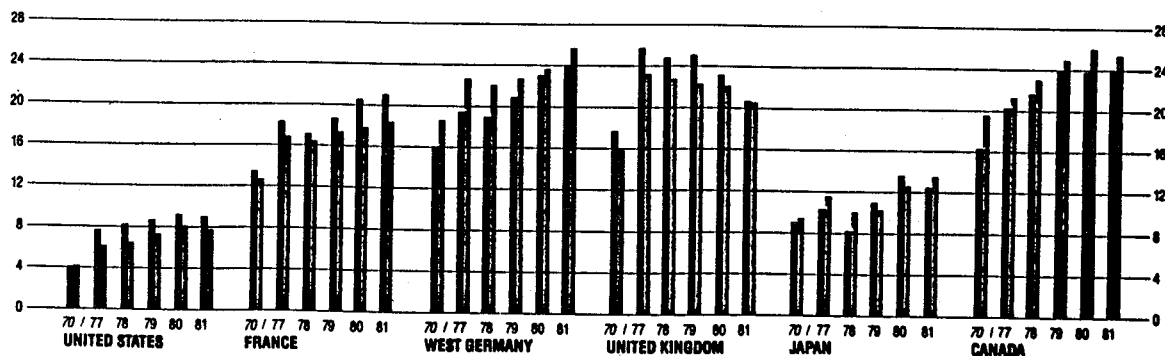
Our services are not limited only to manufacturing firms in the city. We are targeting manufacturers in the electronics and medical industries. Our services to firms include: developing long range export marketing plans for them; training and advising on technological aspects of identifying exporting including pricing, financing, documentation, foreign business practices, identifying and contacting potential foreign distributors, agents and representatives, and assisting in bid application preparation to secure contracts for overseas procurement opportunities.

ITDC has become a cooperative effort between the public and private sectors of our community working together to achieve our mutual goals. Up until last month, our general manager was on loan to us from Security Pacific National Bank. When the corporation was first established, Xerox Corporation loaned us the services of one of their executives and quite a bit of our equipment. Our offices and furnishings are provided by a grant from the Bank of America. But, most important, we have a very active board of directors comprised of leading members of the international community who work very closely with the staff, giving of their time on a voluntary basis. ITDC works closely with such agencies as the Department of Commerce, the Chamber and the trade associations in the areas in many of its activities. We have become a clearing house for trade-related activities. We're working with the Department of Commerce and the California State World Trade Commission and some of the trade associations in the area to develop a business contact center and an exhibit of California products during the Olympic Games next year. We have two trade missions scheduled in 1984, one at the end of May is scheduled to Canada, and in the Fall, we are planning to visit three of the Asian countries, Singapore, Malaysia and Indonesia.

Ratios of
Merchandise
Imports and Exports
to GNP
Selected Countries

■ Imports / GNP
■ Exports / GNP

Source: U.S. Department -
of Commerce

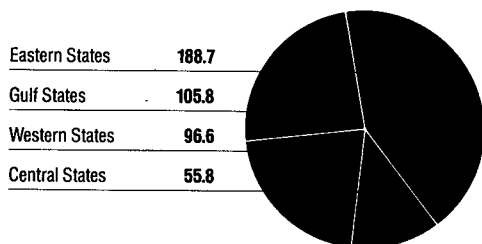


U.S. International Trade at a Glance



Value of U.S. Trade by Region

1982 (\$ Billions)

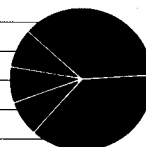


Value of U.S. Trade Through Leading Customs Districts in Each Region

(\$ Billions)

Eastern Region

New York, NY	72.5
Philadelphia, PA	17.4
Buffalo, NY	14.8
Baltimore, MD	14.0
Other	70.0



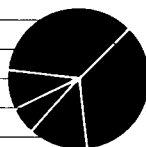
Western Region

Los Angeles, CA	38.3
San Francisco, CA	20.9
Seattle, WA	18.2
Portland, OR	6.0
Other	13.2



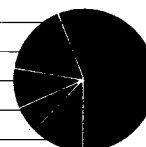
Gulf Region

New Orleans, LA	37.4
Houston, TX	37.3
Laredo, TX	9.3
Tampa, FL	6.3
Other	15.5



Central Region

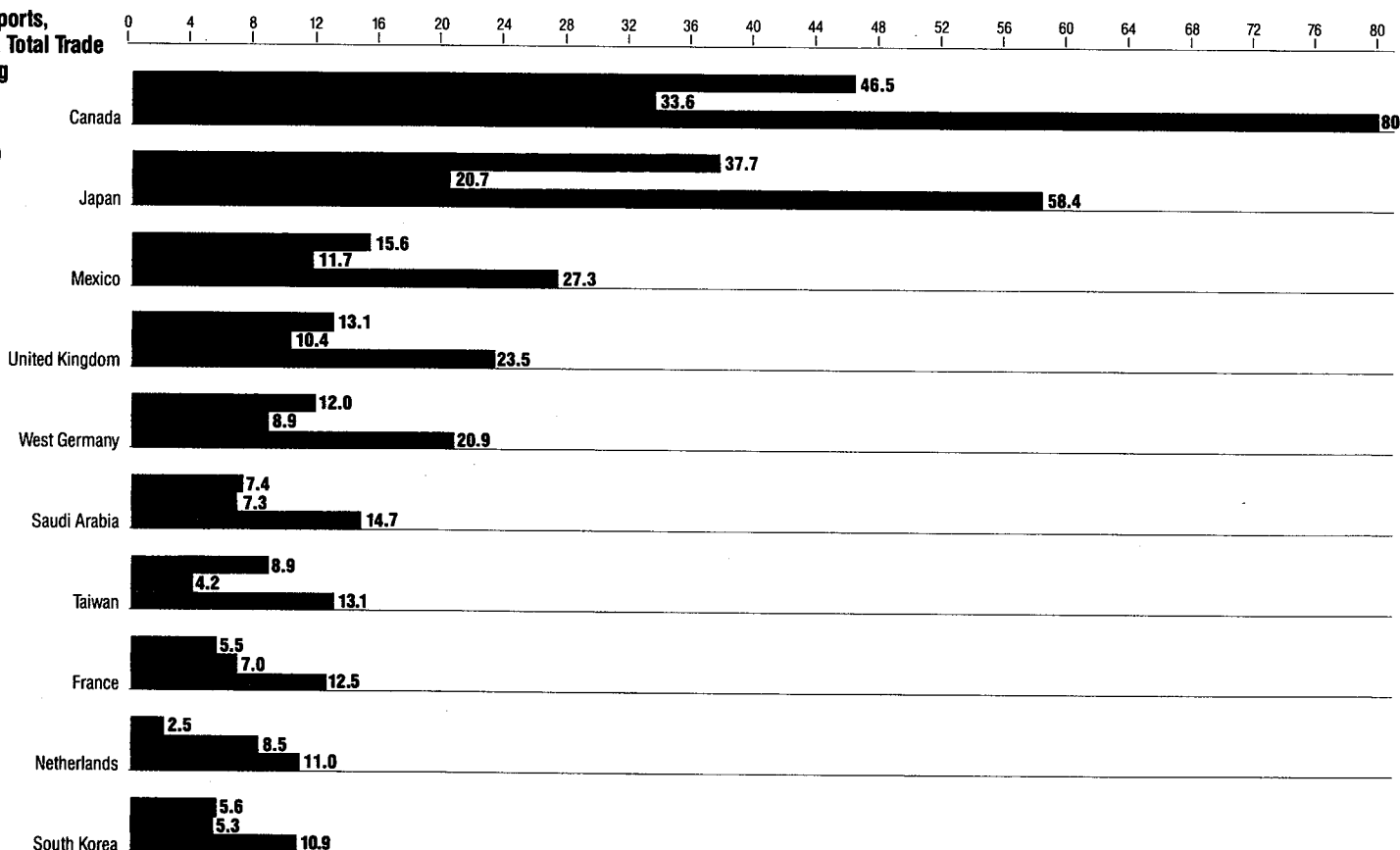
Detroit, MI	31.4
Chicago, IL	9.6
Pembina, ND	5.2
Duluth, MN	3.7
Other	5.9



Value of Imports, Exports and Total Trade U.S. Leading Trading Partners —











1982 (\$ Billions)

■ Imports
■ Exports
■ Total Trade

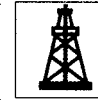
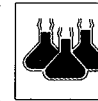




**Value of U.S.
Principal Imports**
1982 (\$ Billions)

	Petroleum, Natural Gas, and Products 65.0
	Transportation Equipment 34.2
	Machinery and Mechanical Equipment 19.8
	Electrical Machinery and Equipment 18.7
	Wearing Apparel 7.2
	Metal Products 5.6
	Opticals, Scientific Instruments and Photographic Equipment 5.5
	Paper, Paperboard, and Products 5.3
	Footwear 4.4
	Chemical Elements, Organic and Inorganic 4.3
Other	74.0
Total	244.0

Machinery and Mechanical Equipment	42.5
Transportation Equipment	30.9
Electrical Machinery and Equipment	16.0
Cereal Grains	14.6
Opticals, Scientific Instruments and Photographic Equipment	10.4
Nonmetallic Minerals	8.9
Animal and Vegetable Oils	8.3
Metal Alloys, Basic Shapes and Forms	7.2
Chemical Elements, Organic and Inorganic	6.9
Petroleum, Natural Gas, and Products	5.8
	60.8
	212.3



**Value of U.S.
Principal Exports**
1982 (\$ Billions)

EXPORT DEMAND FOR AMERICAN OUTPUT

Gladys A. Moreau
Vice President
Security Pacific National Bank
Manager
Information Systems
Security Pacific Export Trading Company

Charles Nevil
President
Meridian Group of Companies

Robert Horne
Vice President
Market Development
Agrex, Incorporated

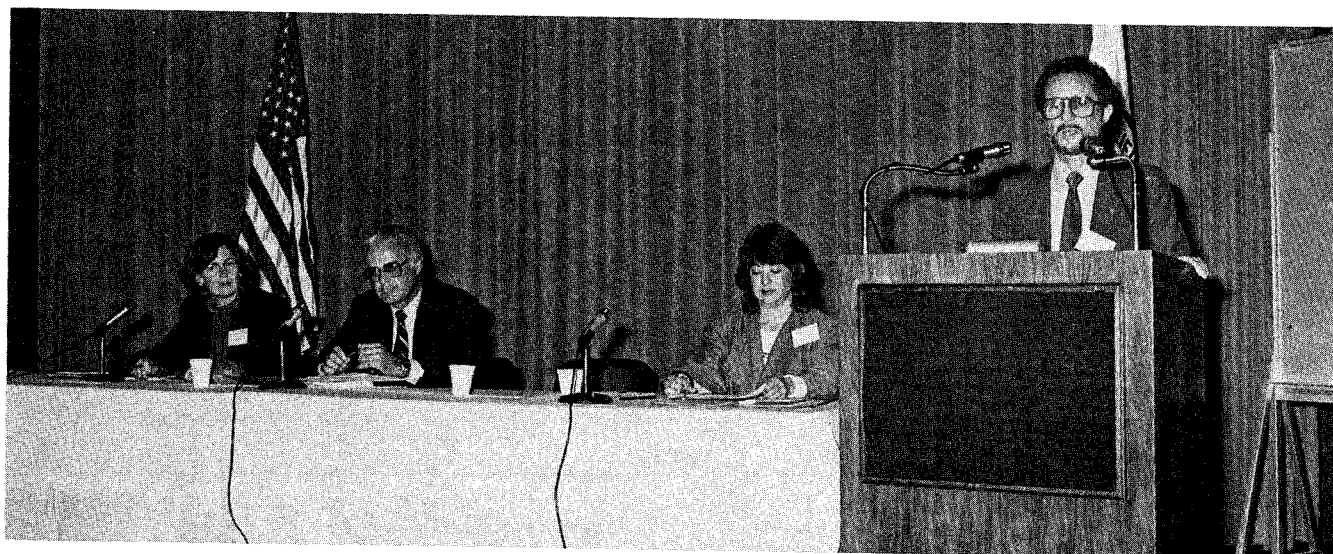
Janet Well
Director of International Sales
Insta Graphics

Gladys Moreau

I am Gladys Moreau, I am with Security Pacific Exporting Trading Company, and I am very glad to be here today and to chair this panel on the subject of the American markets and foreign markets for American output. We have a very distinguished panel and I think you will very much enjoy hearing from them because they all have a lot of experience in selling American products abroad. Therefore, they can really tell you the way it is for the kinds of products they specialize in. We have someone who is going to speak on consumer goods, someone who is going to speak more on high tech and industrial goods and someone who is going to speak on the grain market.

Charles H. Nevil

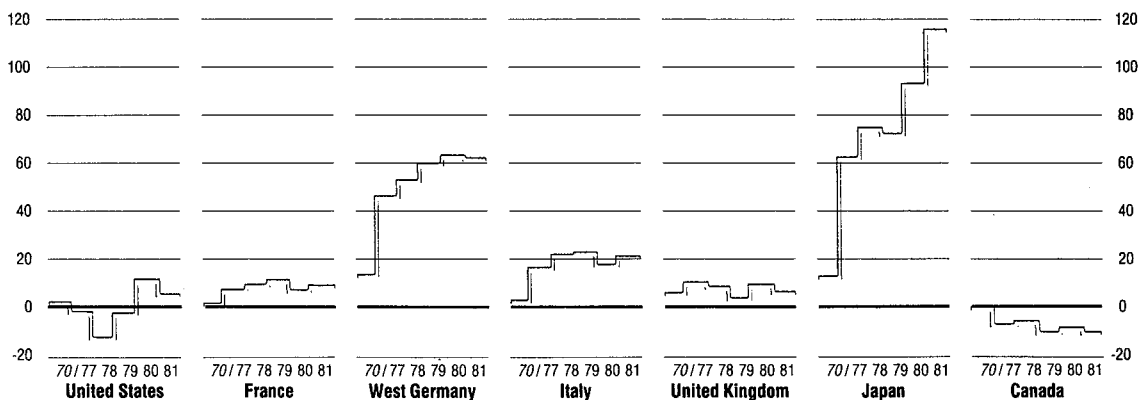
The biggest single deterrent to export expansion for the United States of America is the Congress of the United States itself. Never have there been so many people, with presumably good intentions, knowing so damn little about anything as they know about international trade and internationalism at any level. You and I have a responsibility to start telling the Congress where it is and what we want. Regarding The Export Trading Company Act: now, you are either an export company or a trading company, but you're not both. A trading company imports and an export company does not. It's like the famous import/export business of which there is no such thing. The Act was written by some very well-meaning people in Washington, taking three years to accomplish. It purports to be an Act that will help American export; my friends, statistically it has done zilch - and will do zilch! It may very well help American imports a great deal. We've got to tell the folks in Washington that if there is going to be a tomorrow for American exports, they have to get rid of things like the foreign corrupt practices that now deters exports: The anti-Boycott Compliance Act, which is one of the most ridiculous acts. I have to have a staff in my company of two or three people that almost everyday makes sure we're in compliance with a law that is so obscure that the only thing it does is to provide employment for a whole bunch of clowns in Washington so they can turn around and fine American companies, whose greatest crime is exporting. They then publish it in the paper and say hey, this year we raised the fines two or three times. The world has changed. What we have is a very complicated situation wherein other competitive nations are beating us to death with subsidized merchandise. No matter what they say, they're very guilty of subsidization in most fields. The rates are determined by a particular shipping conference in this trade and the shipping conference is totally 100% dominated by foreign flags. So, the rates that are too high are made in Europe to hurt American exports. It's really a bad thing for American exporters to have to face domination by Europeans in the determination of their freight rates.



Trade Balance in Manufactured Goods—Selected Countries¹

\$ Billions

¹ U.S. exports F.A.S., imports C.I.F.; other countries exports F.O.B., imports C.I.F.

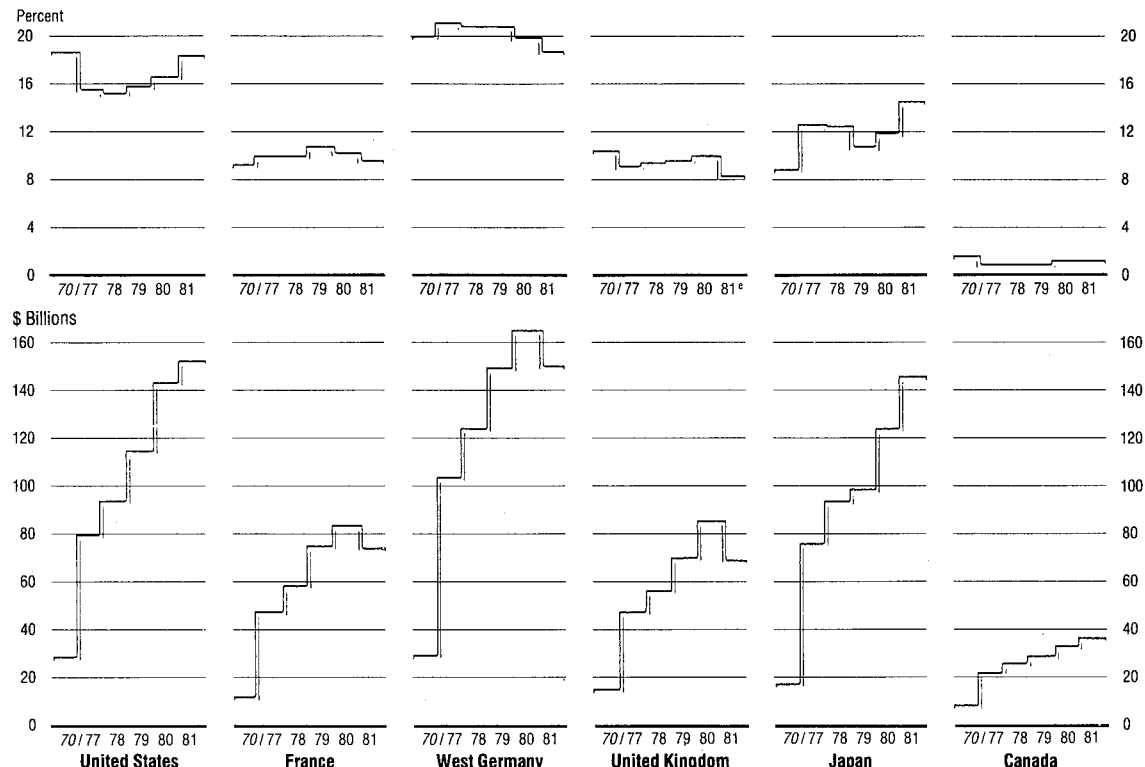


Shares and Value of World* Exports of Manufactures from Selected Countries Excluding Exports to U.S.²

*"World" defined as the 15 leading industrial nations.

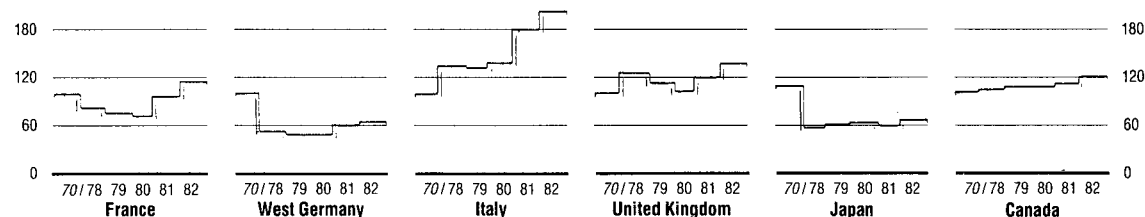
² Manufactures refer to chemicals, machinery basic manufactures except mineral fuel products, processed food, fats, oils, firearms of war, and ammunition.

e — estimated



Exchange Rate Indexes of U.S. Dollars

Index: April 1971 = 100



Note: Country averages are weighed by 1981 total U.S. exports and imports with those countries.

Source: U.S. Department of Commerce

All figures appearing in this report were derived from Security Pacific Bank's International Trade Databank. The International Trade Databank provides a wealth of information about import and export activity between the 44 U.S. Customs Districts and all foreign countries. Utilizing U.S. Department of Commerce monthly computer files, reports from the Databank show the value and quantity of commodities shipped from or to every country in the world by method of transportation. The reports are designed to customer specifications.

In addition, International Trade Databank's Export Mailing List contains information on over 135,000 companies including manufacturers, importers, exporters, and agents located outside the U.S. — a valuable information source for import/export businesses.

All reports generated from the International Trade Databank are laser-printed in a convenient, easy-to-use 8½" by 11" format. To obtain additional information about the Databank please call: (213) 613-8145 or write: Security Pacific Bank, Economics Department, H8-16, P.O. Box 2097, Los Angeles, CA 90051.

American products are still in demand in some areas, but the demand is lessening. We don't make the *only* product anymore, we don't make the *best* anymore. We've seemed to have lost a little of our pioneer spirit: we don't want to be #1 anymore! We want #1 to be Germany or Japan - or probably Switzerland; I don't know, maybe even some obscure third world nation is going to be #1 if we don't start acting like we want to take over the marketplace. The marketplace lies in specialized equipment; you're not going to sell machine tools too readily anymore, but, you are going to sell preferentials for machine tools. To get our government where it lives, we have to get them to understand that they have got to be supportive. The Congress has got to learn to support the American Exporter. Maybe we should be talking to our banking community and getting them to understand that they have got to learn a little bit more about export than they did in the past. The mere fact that some of them, very few of them, have gotten engaged in the trading company business evidences some basic interest on their part; but, the second greatest deterrent to the American export program is the banking system itself.

Robert Horne

Thank you Gladys Moreau.

I appreciate the invitation of Dr. Peter Shaw to participate as a panelist on this portion of the program entitled, "*Export Demand for American Output*".

From the list of registrants, it appears that some of you may have exposure to commodity markets. I am aware that most of the public view commodities as a highly speculative operation and not too infrequently, or successfully, are tempted to assume positions in the market on hunches—in the long run possibly as good an approach as listening to the recommendations of the seasoned professional account executive!

I will attempt to deal with "grains and the markets of the Pacific Rim", and I will cover essentially the movement that takes place in the U.S. to put grains from the farms into the export channels and those who play the leading roles.

Firstly, let me give you the background of my firm which is somewhat unique in its short history and also that it is the only major grain export company headquartered in California, right here in Long Beach.

Approximately 60 years ago the founding Koppel family began as cargo surveyors and forwarders, eventually to become operators of the Port of Long Beach Terminal elevator from its inception in 1958.

Two major expansions of the elevator occurred with increased silo capacity in 1962 and later in 1978 full modernization in rail car unloading and fast ship delivery capabilities as well as special dust control systems—all at a cost of approximately 10 million dollars.

During the firm's growth there was special emphasis placed on the potential of Japan to become our major consumptive market, particularly in view of their sharply increasing demand for livestock and poultry feed. In the "60's"

our business largely depended on a U.S. government program to move some of the surplus stocks westbound in box-cars by rail rates which were not otherwise available to commercial shippers. Our port became a familiar point to Japanese importers who were the main taker of the USDA's grain sorghum which moved from west Texas to the California coast as well as Gulf of Mexico ports. One of the most aggressive participants in this business was Mitsubishi Corporation of Tokyo, who later assisted in commercial development and becoming a partner to Koppel in 1971.

The decade of the "70's" was the most important era of our country's agricultural export development, from \$8 billion in 1972 to today's \$34 billion in annual sales, contributing \$16 billion in agriculture trade surplus.

It also brought about the transition of a small regional grain handling company in Long Beach to a well recognized international grain trading organization. Again, this was accomplished through the support of Mitsubishi to develop necessary country receiving facilities and most important to be a participant in the campaign for westbound rail rates which would allow a competitive movement with the Mississippi River Gulf ports. Five years ago the Koppel family elected to sell their remaining interests in the grain division to Mitsubishi who soon after renamed the company "Agrex" to better identify expansion of our role as a member of the domestic and international agriculture community.

You might say that we had another partner in the development of Long Beach as an important West Coast grain port, and that was the Union Pacific Railroad. The U.P. pioneered westbound unit train rates in the mid-1970's which served as a basis for significant increases of corn production in the state of Nebraska, and it has followed that most all of this surplus has moved on a single line haul to Long Beach or PNW ports in 50 and 75 car units. This served to make better use of railroad equipment and improved logistical planning as well as bringing competition to the supply market and other major rail carriers adjusting to participate in the movement.

An important measure followed with the deregulation of the railroad industry giving flexibility to carriers to set rates outside of interstate commerce commission control. An outcome for the grain industry has been negotiated contract rates on volume tonnages reflecting efficiencies in express turnaround.

Let us look for a moment at a map of the U.P. system routing to the west coast. Also from this we can generally discuss the channeling of grain into export position on the four coasts:

1. Rail vs. barge - seasonal disruptions
2. Ocean freight market—vessel size—transit time
3. Destination port limitations
4. Federal grain inspection service
5. Exchanges/Assn. trade rules/arbitrations

Let us now look at the USDA statistical "supply and demand" estimates, the most recent release of Nov. 14, 1983, following the latest U.S. production report for the major

grains and soybeans, accounting for more than 60% of our agricultural export earnings.

The markets of major importance to us in the Pacific Rim:

1982/83 (millions tons)	total	Feed Grains U.S.	total	Wheat U.S.
Japan	16.60	14.00	5.75	3.35
Mexico	6.70	6.70	.10	.10
Taiwan	3.50	2.90	.70	.66
P.R.C.	2.40	2.10	13.00	4.10
Korea	4.30	4.20	1.87	1.87
USSR	7.50	3.00	18.60	3.00

U.S. Trade Agreements

USSR	Min.	9 MLN TNS	(1983-88)
Mex		10 MLN TNS	
PRC	Min.	6 MLN TNS	(1981-83)



Janet Wells

While many may not agree with American foreign policy, American culture and products are widely admired. In this century we have experienced the birth of two American cultures that have had great impact overseas. The first would be the t-shirt and bluejean culture, reflecting an easy going, casual and unconventional lifestyle and the second, a modern management culture of high technology and industrial organization.

Contrary to ten years ago. Europeans are now looking to the United States for American lifestyle merchandise. American active wear companies are starting to establish a foothold in the European market. The great popularity of windsurfing, aerobics, and jogging and the growing accep-

tance of American beach and casual wear as fashion, are giving American sportswear firms new opportunities particularly in Europe.

Although there is growing foreign competition, the "Made in the U.S.A." label and in particular, the "Made in California" label is very prestigious and should be proudly displayed, at least in countries friendly to the United States.

American products are synonymous with high quality, reliability, innovativeness and prestige. It is important to see that there are numerous obstacles that hinder export growth. These barriers include: the high cost of production forcing many companies to produce their goods overseas and perhaps in Asia; the strong dollar which is currently causing difficulties in American exports; by protectionism; and perhaps most importantly, an insensitivity by American manufacturers to the needs of our foreign buyers. In order for American companies to be successful, we must be flexible and alter our products to the needs of our foreign buyers. We must be sensitive to the cultural differences that make our world a more interesting place to live. There is great export potential and it is up to us to tap those markets.

Gladys Moreau

The panel opened really with a challenge from Chuck Nevil, a challenge to U.S. exporters to do two things: 1. to challenge the government to get rid of export disincentives and, 2. a challenge to the United States exporter to go out and do what he had a reputation to do in the past, i.e. to be a Yankee trader, to come out with the best product at the best price under the best terms no matter what the competition is. The competition is tough out there. Chuck was followed by Bob Horne who gave us an overview of the transportation system required to move the grains across the country and through the Port of Long Beach, the growth of that market in the last twenty years, and especially the importance of trans-Pacific trade for these grains. I think we also got an insight to the supply and demand factors that go into determining the demand for the grains. Janet reviewed for us a phenomenon that is happening overseas; that is, it is now chic to have American fashions, a reversal of previous trends. Also, the importance of the American label, the made in United States and especially the made in California label. These are all new phenomena. I think she also reviewed the very important sensitivity that is needed on the part of American manufacturers and exporters to meet the real demand overseas, not what they think the demand is, Janet threw out the same kind of challenge that Chuck did at the beginning.



Luncheon Head Table: Left to right — Barry McDaniel, Port of Long Beach; Lee Hill, Port of Long Beach; Lloyd Money, University Research Program, US DOT; Kingdon Dietz, Maritime Administration, US DOT; Gregory Mignano, speaker, California State World Trade Commission; Peter Shaw, CSULB; Lila Cox, Southern Pacific Railroad.



Luncheon Address

"CALIFORNIA STATE ROLE IN EXPORTS"

Gregory Mignano

Executive Director

California State World Trade Commission

I feel as though I should begin each speech by reciting a litany of statistics on how important trade is to our nation, to our state, to this community. Well, I'm not very good with statistics, and you've heard the figures time and time again: in whole numbers, in fractions, in coefficients. I think we all agree that trade is important. But how well prepared are we to respond to the opportunities?

Let's step back a couple of years. Our business community still was sluggish in its response to trade overtures. Our policy-makers were, at best, indifferent. Jobs were vanishing, our industrial base was eroding, profits were narrowing, and market share was diminishing—not only overseas but at home as well!

Suddenly, it became quite clear. Not to compete internationally was dangerous to our health. We entered the age of interdependency kicking and screaming.

It's almost frightening to review the problems faced by American business in its transformation from a domestic to a world economy. As a nation we were ill-prepared to move forward, bound by obsolete policies affecting our trade performance.

Notwithstanding all that has gone before, I'm going to be optimistic and say that I see things changing for the better. Government, business, and labor are aware of our peril, and, I believe, ready to act to restore our competitiveness.

Look at what's happening right here in California. After years of uneven support at the state level for your efforts to provide economic development through trade, the legislature last year enacted and the Governor signed a bill creating the California State World Trade Commission.

The Commission is a bi-partisan alliance of government, business, and labor leaders that, I believe, will be key to this state's improved trade performance. The Governor, Lieutenant Governor, Secretary of State, and 12 people from the private sector, some appointed by the legislature, and representing manufacturing, services, and agriculture are prepared to meet regularly to address squarely the toughest problems facing our exporters and importers, be they state or federal disincentives, or domestic or foreign barriers to trade. Assisting the Commission is a strong and experienced advisory council.

The World Trade Commission is the lead state agency representing California's stake in the international economy. And that stake is awfully large. Few states in our nation depend as highly on trade as does California. If California were an independent nation, it would rank near the top ten in terms of gross domestic product and international trade value. This state is the nation's leading producer of agricultural, electronic, aerospace, and entertainment service products, all of which have large export markets.

California, which acts as a gateway for trade between the dynamic Asia/Pacific region and the rest of the United States, accounts for about 13 percent of U.S. international trade. And California's trade means hundreds of thousands of jobs and billions in tax revenues and profits.

The Commission has come into existence in a period marked by recession, high unemployment, unprecedented interest rates, misaligned exchange rates, and increased government intervention. The United States is facing record-breaking trade deficits coupled with mounting foreign competition both within the United States and abroad. At the national level, there is increasing support to develop effective trade policies and export expansion programs. The formation of the Commission reflects a commitment by this state to support similar objectives.

On the state level, the Commission is working in Sacramento to create a regulatory climate that encourages the free flow of California's goods and services overseas. We are reviewing our tax policies and export financing proposals to determine how best to put our state's exporters on more equal footing with their foreign competitors. And, recognizing that trade is a two-way street, we are watching carefully moves to unfairly restrain the access of foreign goods and services to our markets.

On the national level, the impact of Washington on California's trade performance is increasingly significant. No state's exports have been as directly affected by Operation Exodus, the U.S. customs service's attempt to control high-technology exports, than California's. And domestic content legislation, which is under serious consideration by Congress and which would drastically reduce the number of foreign cars, trucks, and parts imported into the U.S., would deal a severe blow

to California's port activities and likely would result in injured countries sealing off their markets to our exports. These are but two of many examples that motivate the Commission to raise its voice in Washington.

On the international level, unfair foreign competition must be stopped if California's exporters are to enjoy the fruits of their labor. It makes little sense for a U.S. producer to develop a foreign market, only to see it quickly lost to foreign subsidized competition. And foreign barriers to U.S. exports must be dismantled, if California's primary exports—agriculture, aerospace equipment, hightechnology, and financial and related services—are to be competitive.

Now, you may ask why the Commission is concerning itself with trade policy issues? Well, for several reasons. First, while the issues are primarily in the hands of national or international bodies, we, the trade community of California, are the victims (most often) or beneficiaries (hardly ever) of those policies.

Trade is becoming less commercial and more political in character. A good product, good marketing, and decent capital and credit don't assure you of success in the international market. Often they can be nullified by bad policies, our and theirs.

Maybe 15-20 years ago a state trade official could say, "Hey, trade's important, and I hope you guys who are good, strong, domestic businesses would think about trading overseas because the opportunities are great." It's no longer quite that simple, if ever it was. You can't just be a cheerleader saying get out there and trade because often you're telling them to run right into a brick wall of barriers and disincentives. State trade officials, in addition to promoting products, must act as ombudsmen and work to smooth the policy wrinkles.

The real advantage of the Commission lies in the fact that it is a partnership of business and government. Many have attributed Japan's success in part to excellent business/government cooperation. Because we will have that partnership, I think our advantage lies in getting together and sorting through issues of policy nature. We want to get to

the point where our policy makers, in Sacramento and Washington, when looking at a piece of legislation or looking at how they are going to administer a regulation, say to themselves, "What will be the impact on our international business fortunes as a result of this action?"

And we expect to succeed. We're too big a state to be ignored, we're networked very well, and as goes California, so goes the nation in terms of trade performance. We're going to make sure that bad policies don't stand in the way of a good deal.

Now, I've been talking about policies and haven't said anything about programs—the trade missions, technical assistant programs, catalogue shows, and so forth that state offices normally are seen to handle. The Commission's enabling legislation speaks to those activities, and we're developing programs in this area, with scarce resources and big payoffs in mind.

But the first order of business for this Commission is to sweep the trade channels clear of political debris, so that you can throw your all into developing your product or service, marketing it and selling it in a way that none of your foreign competition can, never mind somebody in state government!

You can be sure that California, its people, its industry, and its policy-makers are increasingly aware that we are part of a global market. Properly prepared, we will be the most significant part of the global market, as the future capital of a region that is embarking upon a golden age of economic prosperity... The dynamic pacific basin.

Today we are being challenged to live up to our own promise. This requires a recognition that domestic policies cannot be formulated or executed without taking into account many factors over which no single nation or state has control. World economic interdependence is a reality. Government policies, structures, and actions must reflect that reality.

In creating the World Trade Commission, California has sent a strong signal that trade performance is a matter of highest state priority. Our strategy is to bring California's producers to the global market, and keep them competitive there.



Keynote Address

**"A FULL SERVICE TRANSPORTATION
PERSPECTIVE GETTING FREIGHT
TO THE SEAPORTS"**

**Robert E. Irion, General Manager
Union Pacific Railroad**

Good afternoon, ladies and gentlemen. It is a pleasure to be here. Among the various presentations today, it appears that I am representing the Operating Departments of the railroad. At the outset, I would like to say that my practical Railroad experience is pretty much limited to Union Pacific Railroad Company, and most of my remarks will be couched in that fashion.

However, I am confident that while I am dealing in specifics about the Union Pacific System, what I have to say can be generally applied to our industry.

You were all provided with a silver folder which contains a map and an informational brochure on Union Pacific's role in world trade and marketing. While this material was not specifically designed for this meeting, I believe it addresses today's topic fairly well. My remarks will parallel much of the information contained in that material.

I would like to direct your attention for a moment to this slide which depicts the Union Pacific System. It's a reproduction of the map that was included in your packet. The UP System is the result of the merger just about a year ago of the Union Pacific, Missouri Pacific and Western Pacific Railroad Companies. The next slide shows the component members of that merger.

The Western Pacific was incorporated directly into the operations of Union Pacific Railroad, while the Missouri Pacific was merged with Union Pacific. The resultant joint operations from the end to end merger of the three railroads make possible some very important benefits to shippers.

The railroad business, in its simplest terms, is one of collection, transportation, and sometimes distribution of both raw materials and finished products. Since we are today primarily concerned with this activity as it relates to seaports, I will focus on that subject. We are involved with the Ports in the movement of grain, coal, potash, soda ash, autos, chemicals, machinery, ores, and a huge variety of manufactured products moving in containers.

The importance of the end to end merger to import/export traffic becomes more apparent when examining the advantages of such a consolidated system to various shippers. For example, freight cars that formerly had to be interchanged at junction points such as Kansas City or Salt Lake

City can now be handled through as a single-system movement. Single-system operation also has made it possible to bypass some busy terminals and use the same locomotives for the entire trip. The result is schedule improvements that are measured not in hours, but in days. Single-system operation, likewise, has produced efficiencies which enable us to be even more price competitive than before—and this, of course, is important to anyone in the shipping business. In the area which I cover, Union Pacific has invested more than \$50 million over the past three years adding capacity and efficiency improvements to the South Central District from Salt Lake City to the Ports of Long Beach and Los Angeles. Another \$90 million will be spent this year and next from Salt Lake City to the Northern California Ports of Sacramento, Stockton, and Oakland.

Union Pacific System has not only improved its own schedules, but has taken steps to make faster connections with other railroads as well. Run through trains which are designed and blocked to move directly through interchange gateways intact are one example of schedule improvements. Such operations coordinated with the D&RGW and Utah Railway at Provo, Utah have greatly improved the reliability of coal and potash deliveries to the Long Beach and Los Angeles ports. Where run-through trains are not feasible, we are dedicated to interchanging freight cars with other railroads with a minimum of delay. You can be sure that a shipment won't sit in a freight yard any longer than absolutely necessary. These are things that are important to everyone, especially those involved in foreign trade. Inland railroad freight operations need to mesh with ship schedules to provide the optimum efficiency and economy in export—import transportation.

Just for a moment I would like to talk about intermodal traffic. This is, of course, the trailer on the flatcar or the container on the flatcar—or, as we refer to them in the railroad business, TOFC and COFC. This service provides the opportunity to give a shipper a combination of train economy with truck flexibility at both ends. This type of transportation is very important to any shipper involved in world trade and, in turn, is very important to our discussions here today.

The same transportation excellence that shippers get from UP System carload train service is found in the intermodal shipments, too. Selecting the intermodal service provides all the cost savings of long haul moves by rail, plus the convenience of door-to-door pickup and delivery. The most advantageous shipping method for any shipper can be found in one of several intermodal rate and service options.

Expedited schedules with dedicated intermodal trains, fast handling at terminals a proven record of safety, improved techniques for protecting freight and money saving rates. Each of these is a vital reason for any shipper to look closely at intermodal alternatives.

This slide shows the locations of UP intermodal ramps. The red dots are locations that handle both trailers and containers, while the blue dots indicate locations handling trailers only. The Oakland Terminal is equipped to handle both TOFC and containers, although the slide only shows trailers.

As many of you are probably aware, deregulation has provided an entirely new competitive atmosphere in the transportation industry. In particular, deregulation has opened up vast new markets for intermodal service, and the UP system has moved quickly to provide its customers with additional rail-truck service. Intermodal traffic has steadily increased as more and more shippers discover its superior features.

With the advent of deregulation and a different competitive environment, the rail industry is being faced with increasingly specific requests. More and more often, Union Pacific System, for example, is being asked to provide a rail service that is tailored to the shipper's individual circumstances. For example, the customer might need a series of deliveries timed to meet a plant's strict production schedules. Or, perhaps the shipper is interested in using unit trains to move grain, coal or other commodities. There might even be occasions when the need is so unusual that entirely new ways of handling freight must be found. UP System is well aware that many shippers need customized services—and we are more than willing and able to provide them.

Whatever a shipper's special needs, our Marketing Representatives are prepared to talk about the requirements, evaluate the situation from various perspectives, and come back with a proposal to provide the needed service. Now that railroads have greater freedom to provide a wider range of services and establish the charges for those services, it opens up entirely new opportunities for shippers and railroads alike. Together, we can make the most of it. All of these new opportunities and alternatives are important to anyone concerned with export transportation. We have just scratched the surface on new service innovations under a deregulated atmosphere and the future potential is very exciting.

This slide shows the 24 west and gulf coast ports served by Union Pacific System. Of most importance to this particular gathering, of course, are the dots representing Los Angeles and Long Beach. But I think the slide indicates that just as railroading is a competitive business, so is the Port business. Each of these little blue dots represents a port that is equally anxious to handle new business in conjunction with our system.

For as long as man has sailed the oceans, every seaport in the world has been identified with certain types of commerce. Each port city is different; each has a well-recognized reputation for good or bad service. Today, these differences are more important to shippers than ever before.

One port might offer the best option because its dock facilities are ideally suited to loading or unloading a specific product. Other harbors might be better because they specialize in certain commodities such as grain or coal. Or perhaps the port is especially well prepared to handle roll-on/roll-off shipments, petroleum or other liquids, or other kinds of bulk cargo. Still other ports have particularly good labor management relationships, tight security, fast turnaround records or other features that cut costs and increase shipper satisfaction. The bottom line is that a port, like any other business, is in direct competition with a variety of other similar businesses, and the port with the most advantages will be the port that gets the most business. Port and governmental agency planners need to carefully examine the economic effects of their plans, so they do not stifle or inhibit the efficient, economic flow of export-import traffic. Railroads, just as all other freight carriers, are privately owned and must answer to their stockholders for management decisions. No company risking its capital and resources can totally delegate responsibility for decision making to other groups that are not responsible to the owners.

So, it is important for each locality to ensure that a competitive edge is maintained, or they can easily lose business and the jobs and taxes that go with that business to another location.

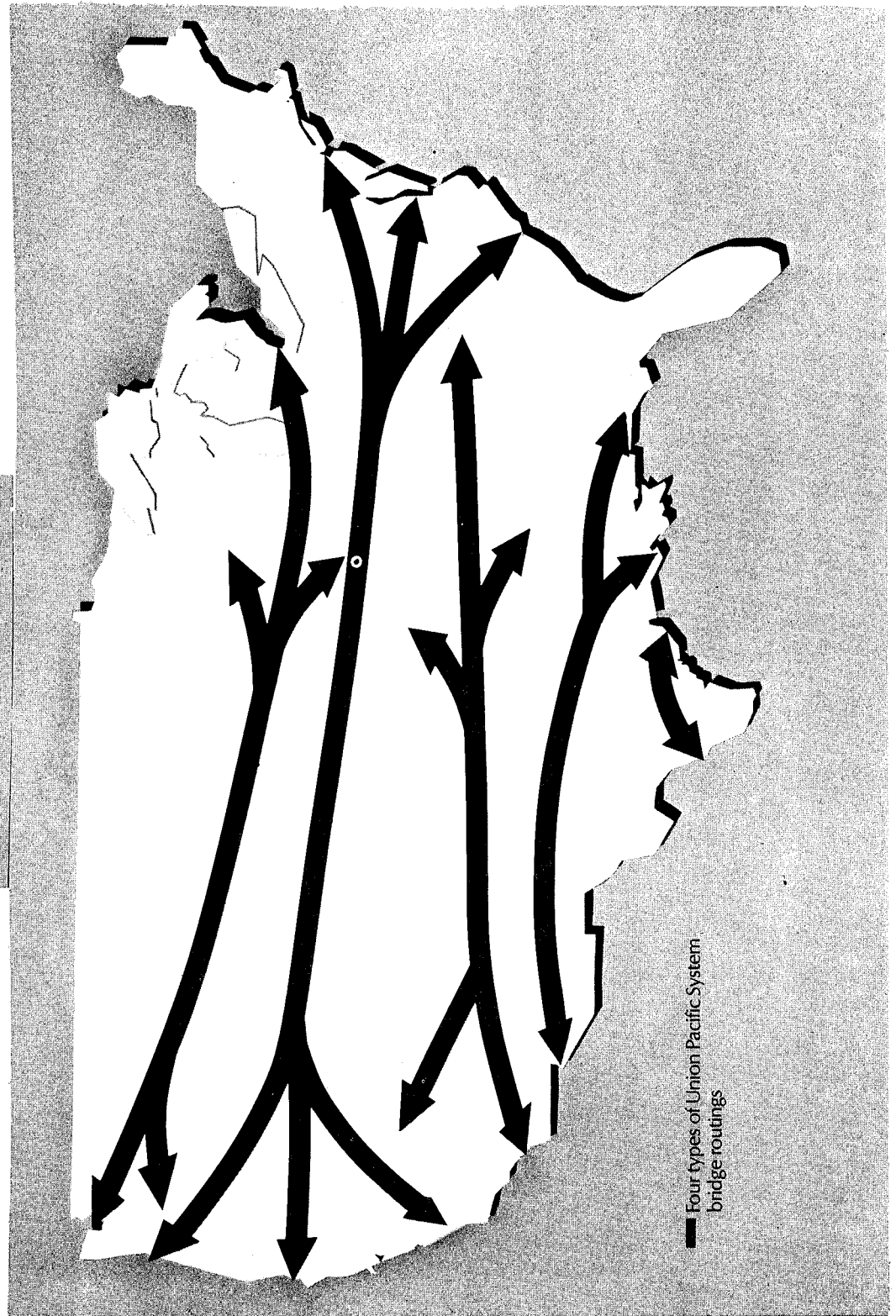
Deregulation of intermodal traffic in 1981, again, that is the traffic involving trailers and containers, has enabled the railroad industry to establish agreements or contracts with shippers based upon improved equipment utilization, volume—one time or annually—spot charges, seasonal rates and performance oriented contracts on various commodities.

This new freedom to establish charges means the port nearest the U.S. origin/destination isn't always the very least expensive option. It's very possible that logistics and costs work out in other locations to give the shipper a better advantage either in terms of price, of service, or both. In short, I think it behooves most people in the business of operating a port to avoid taking any business for granted, even if it is located just next door.

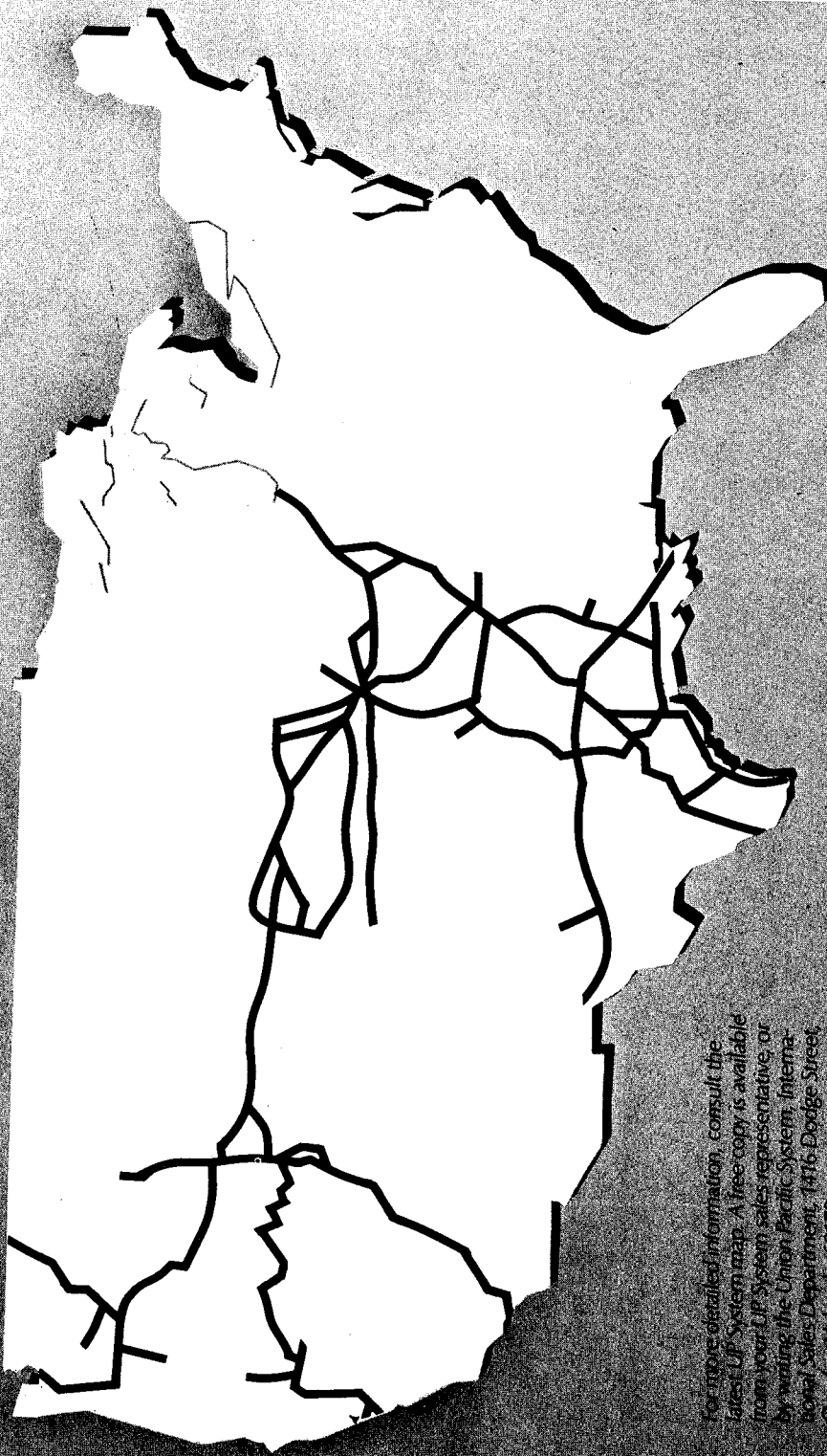
The Union Pacific System participates with over 100 steamship lines in their tariffs, where single bill of lading and through charges are made and assumed. By selecting this coordinated railroad-steamship line method of handling shipments, paperwork is decreased and the shipper is assured of the utmost dependability.

The railroads also work closely with charter vessels and private industrial carriers. Here, too, train service is coordinated with ship arrivals and departures. Whether it's 75-car unit trains carrying grain to a Japanese freighter loading in Long Beach, or a single container bound for someplace in South America that absolutely must be aboard a tramp

How four types of
"bridges" help
shippers take full
advantage of
containers.



**Single-system service
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And connecting
service to 30 more.**



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 Union Pacific Rail System

steamer, our railroads can make certain that shipment will be at the dock on time.

While we are talking about docks, it brings us to another item of great importance to shippers involved in foreign trade. That is the bridge traffic concept.

The introduction of the marine dry container has revolutionized the movement of cargo in international trade. These devices make it possible to load or unload cargo much more efficiently; with reduced chance of damage or pilferage. Because the problems long associated with cargo net handling are largely eliminated through the use of containers, many shippers have converted to them wherever possible.

While the port-to-port advantages of containers are very important, their optimum value is achieved when a portion of the routing is handled by rail. Intermodal has become a primary mode of transportation for the international marketer—and the UP System handles this type of traffic by four different “bridge” procedures.

This slide serves to depict those four kinds of bridge procedures.

These intermodal shipments are handled on a steamship single bill of lading which adds to their convenience. Bridge traffic can also be moved in all types of railroad-owned freight cars. As I indicated before, this slide shows the types of bridge procedures available to the shipper. The first three are, of course, most important to people dealing with the ports of Los Angeles and Long Beach.

The first is the micro bridge which is the routing of containers to or from a point anywhere in the United States. For example, a container shipment originating in Omaha might move to Los Angeles or Long Beach by rail, then by ship to a foreign port. The reverse routing would also be classified as micro bridge move. The combined efficiencies of a container and micro bridge routing open up new import and export opportunities for all size companies.

Mini bridge is the term that covers shipments that originate and terminate in a U.S. port city other than the one where they enter or leave the country. A shipment that lands in Los Angeles and ends up in New Orleans would be classified as a “mini bridge” service.

The next major type of bridge is the land bridge handling of containers. Under this plan, the container is offloaded at any U.S. port, shipped cross-country on a flatcar, then loaded on another vessel for movement to final destination in another country. In other words, it originated on a ship and will terminate on a ship, but uses rail car as an intermediate carrier. The land bridge concept is a valuable way to reduce steamship costs. Finally, there is the Mexico bridge which is available for all types of freight moving in containers or freight cars between Mexico and other countries of the world via the United States. Routings on our system are made via Brownsville and Laredo, Texas.

With the increased availability and use of containers, many steamship lines and shippers have found it more economical to off-load all cargo at a single port. Using the intermodal option frees the container ship from calling at numerous ports or traveling thousands of miles at less than full capacity.

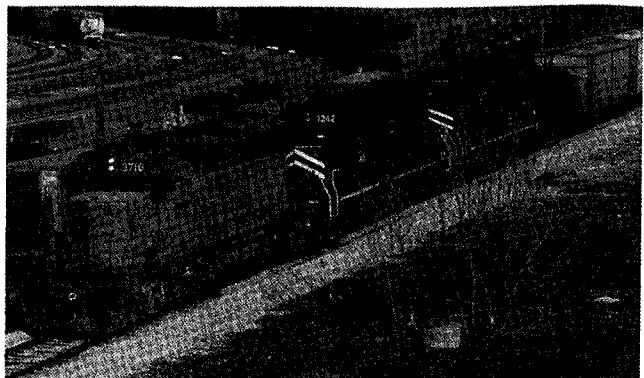
For example, instead of unloading half the cargo at Long Beach or Los Angeles, then proceeding to Philadelphia to discharge the remainder, the container ship might find it advantageous to off-load everything at the first stop. The Philadelphia portion of the cargo would then be transported via railroads. In this way, passage through the Panama Canal—and extra thousands of miles and weeks at sea—can be avoided.

Finally, I would like to talk a minute about the Boggs Amendment to the Foreign Trade Zones Act which was passed in 1950, and the Export Trading Company Act which was passed in 1982. These and other laws permit certain freedoms in the movement of raw materials and finished goods to and from the United States. The free trade zones created by these laws can provide importers and exporters with a wide variety of financial incentives and concessions.

Such zones are invariably rail served and those railroads serving the zones can provide a lot of information and assistance with utilization of special tariffs and other options. This slide depicts the 20 free trade zone sites served by our system.

In closing, I'd like to speak about computers. I can think of few technological changes that have had so profound an effect on our times as the development of the electronic computer. The rail industry, and in particular the Union Pacific System, has rapidly adopted the new information handling and processing technologies to our business. We have just converted all of the former Western Pacific operations to the most modern computer equipment available. Faster, more accurate information on car location permits improvement in schedules and reliability of arrivals. Computer generated waybilling of repetitive shipments afford faster handling for shippers, eliminating old style hand calculation. The applications are so numerous they could be the basis of another complete presentation. The end result is that we now can provide the utmost in shipper support.

Simply put, changes in the regulatory climate, as well as advances in information handling technology, have truly given railroads the opportunity to provide this country and its shippers with full transportation services. We recognize the importance of the rail transportation link in the export chain and our industry is committed to providing quality service at reasonable rates. And I personally believe the future of transportation never looked brighter.



Domestic Transportation System Role in Exports

Lila Cox
Attorney
Southern Pacific Transportation Company
Chair
Southern California Transportation Action Committee

Leland Hill
Director
Port Planning
Port of Long Beach

Arthur Goodwin
Project Manager
Port of Los Angeles

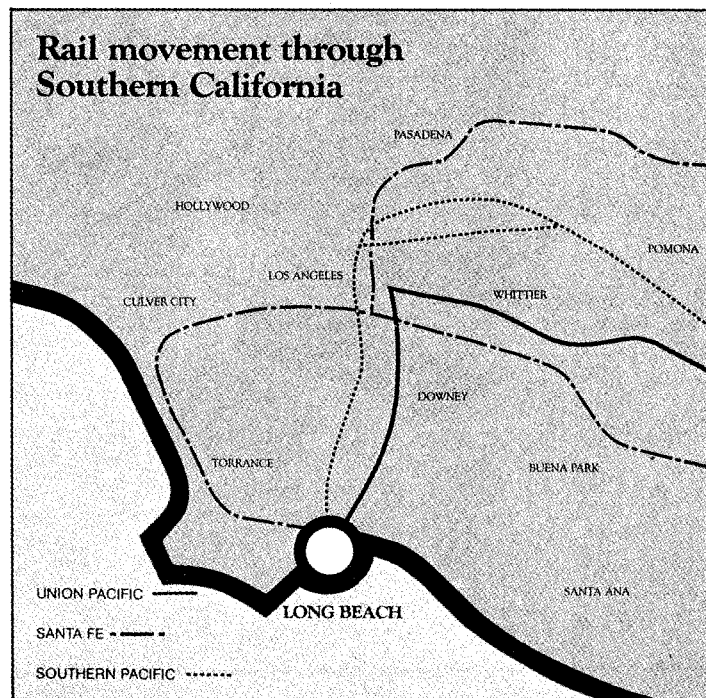
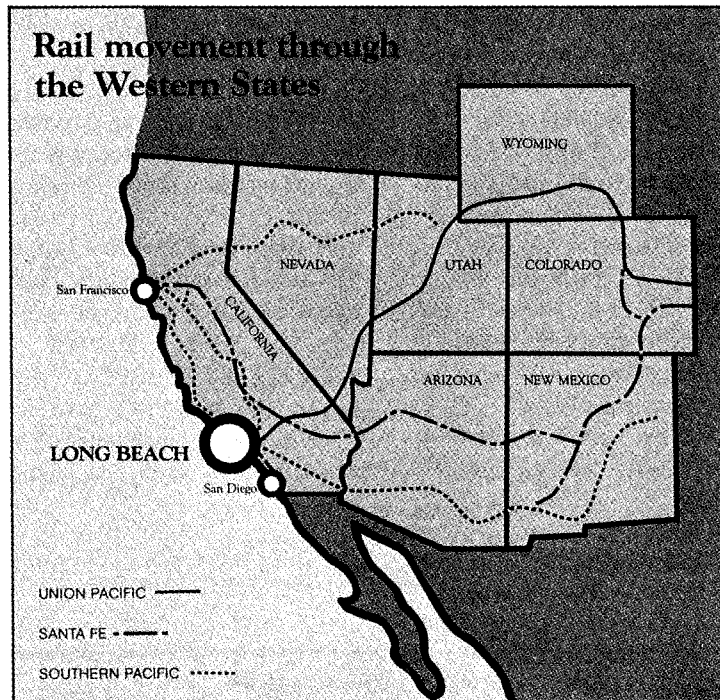
Dr. Bernard J. Hale
Vice President
Distribution Services
Bergen Brunswig Corporation

Tony Stapleton
Assistant District Manager
Intermodal Sales
Santa Fe Railway Company

Lila Cox

You have just seen this beautiful movie and maps of the Union Pacific Transportation System and they were very beautiful. If you can remember those and superimpose in your mind all of the other railroads and their lines, their points of origin and destination that you have heard about and all of the east coast networks from Conrail around the New York area on down to the lines that have been described to you, those are the six major network lines today. You will have a view of the tremendous domestic transportation system. Rail carriers using our freeways and interstate systems, not only railroads, but also the trucking is providing for us for the fast movement of goods to the port and rapid supply for the clients of the importers/exporters. We realize what a tremendous thing we have in transportation in America. Since we have many bridge, and land bridge, and the Mexican modal transport systems have sprung up that allow the tonnage necessary to supply the market. Not only the means of transportation are important but also the facilities for handling the traffic at origin, destination and at points of interchange are tremendously important because if you are moving all this traffic and then you find a bottleneck somewhere you are in deep trouble. The classification and redistribution of traffic at port facilities makes the difference. Our panel today will discuss the role of domestic transportation systems in export, including the facilities.





Leland Hill

If you rank Southern California against all the GNP's in the world it would be about 13th or 14th. There's a lot of dollars involved in Southern California and there's a lot of business activity going on. If you take a 60 mile circle and superimpose it on the State of California centered on Los Angeles/Long Beach you see that 60% of the employment is in that 60 mile circle with 46% of the population and 47% of the personal income, along with 47% of the retail sales. So you have a sense of where Southern California is in the overall state of California and the world. We've been experiencing a constant growth in tonnage for a number of years, about a 6-7% growth rate, and an expansion of both the Port of Los Angeles and Long Beach in the San Pedro Bay as well as all of the West Coast ports all the way into Canada and Vancouver. Where do the Ports of Los Angeles and Long Beach rank? We're pulling ahead of Los Angeles; we're first in total tonnage. We're second in customs revenues nationally, that's Los Angeles-Long Beach Customs

District, and third in total tonnage nationally behind New York and New Orleans.

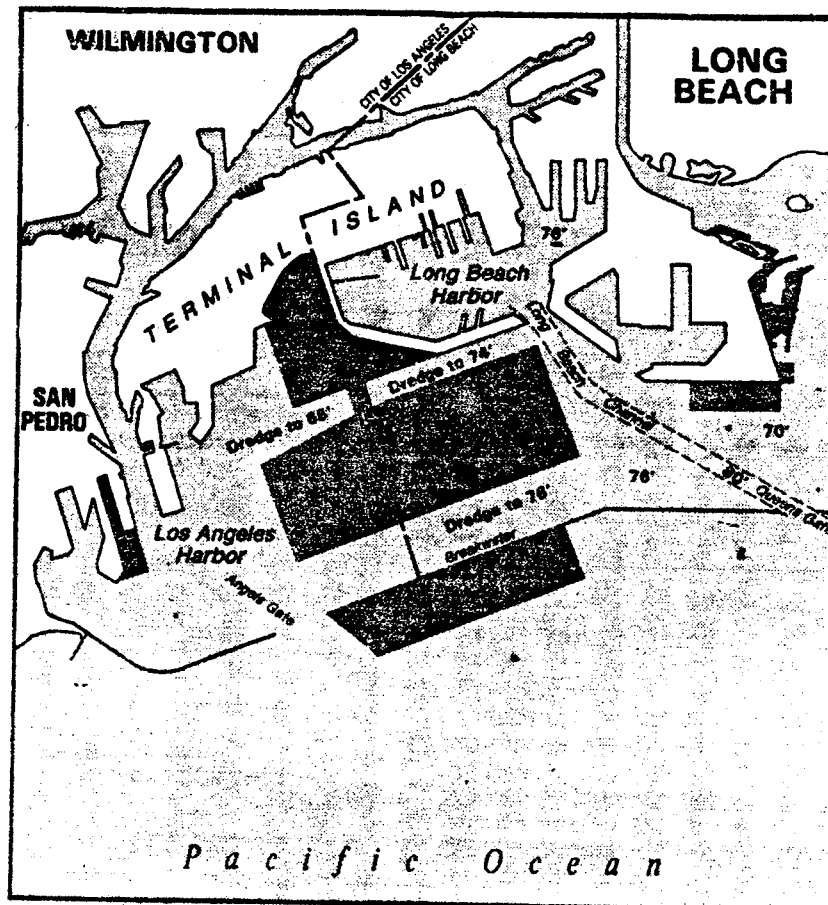
Who are our trading partners? Asia has the bulk of our trade, with Europe, Latin America and the others following behind. It's the Pacific Rim that we're seeing bringing a lot of emphasis into Southern California as our major trading partner.

What does the Port of Long Beach mean to the regional economy? In the five county area we're responsible for about 256,000 jobs both direct and indirect. We handle about 49 million metric tons and total cargo value is about 21.7 billion dollars

I mentioned 2020 that's certainly not to be misunderstood as a site; it's meant to be a year in the future. We're seeing about a 6-7% growth rate, we're about 49 million metric tons now; if you follow that up to the 2020, you arrive at about 130-140 million tons. Again about 6-7% growth rate.

The 2020 plan that I have mentioned a number of times translated into this amount of landfill which is about 2600 acres, 1300 acres on our side of San Pedro Bay.

2020 Plan



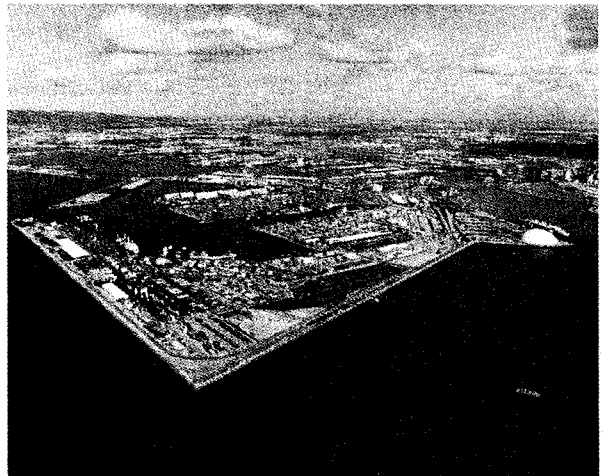
PORT OF LOS ANGELES

- The Port is a \$680 million facility encompassing 7,000 acres of land and sheltered water and 28 miles of waterfront.
- The Port's imports and exports in 1983 were valued at over \$13 billion by the U.S. Department of Commerce.
- Total cargo handled from over 4,000 vessels reached 39.9 million revenue tons and led to a gross revenue of \$69.8 million. Net income totaled \$31.1 million in 1983.
- The Port offers international shippers a wide variety of cargo-handling facilities and equipment in its 35 modern shipping terminals. In addition to break-bulk, dry and liquid bulk, LASH and Ro-Ro terminals, there are seven large container terminals. The massive 124-acre Seaside Container Terminal Complex alone features six container cranes. Two container terminals now being completed will add 130 acres of container handling surface and bring the Port's growing container crane roster to an impressive 20.



PORT OF LONG BEACH

- The development of a new 2.1 million square foot World Trade Center is underway on a 13.5 acre site. It will serve not only the San Pedro port complex, but also, international commerce throughout the Pacific.
- Long Beach is the busiest of Pacific coast ports, last year handling 47.9 million tons of cargo.
- The Port handles approximately \$22 billion worth of goods annually, and is responsible, directly and indirectly, for the existence of 256,000 jobs and \$700 million in economic benefits in the Southern California area.
- Long Beach is among the ten busiest container cargo ports in the world and number two container port in the U.S.



A project that's been underway for sometime is called an integration project essentially what it is is \$58 billion that's being used in various places within both ports as kind of a bandaid to take care of problems that have existed for quite some time. Essentially the program is upgrading the Long Beach Freeway from Ocean north, improving Alameda St., improving Ocean Blvd., improving small parts of Terminal Island Freeway, upgrading Alameda north, continuing improvement on Ocean Blvd. into the Port of Los Angeles. So again I think this is an improvement on a short-term, something that has been needed for quite some time. We started about a year and a half, two years ago, looking at the prospects of bring coal to the Port of Long Beach, shipping to the Pacific Rim. We went through a number of phases, design phases and demand projections. We started through the committee process and we are still involved in that process. We ran into a few problems not necessarily from the port side but problems as far as the rail core is concerned and transport of the material into the port. These are the costs related to the transportation of coal. If you break it down and start at the mine, we have about 30% of the cost, here at the railroad transporting it to the port about 20% of the cost, you then go through a port you experience about 5% of your cost, then 20% to water transport, 5% on port on the other side, then about 17% going from the port to the user.

Arthur Goodwin

The initial dredging project in the Port of Los Angeles was completed in mid-1983. This project created a 190 acre land fill on the south side of Terminal Island from dredge spoil removed from the main channel and other areas within the Port. The water depth in a majority of the Port is now 45 feet, which provides sufficient draft for almost all of the ships involved in international trade. The second phase of a dredging and landfill project, which could occur within the next 3 to 5 years, is the creation of an additional 220 acres of land south of Terminal Island from material dredged out of the outer harbor areas where the water depth is only 20 to 25 feet. This depth is not sufficient to handle a fully loaded dry bulk ships or other types of vessels. The areas to be dredged are the approach channel through the breakwater and certain other outer harbor areas to a water depth of 65 feet. The Port of Long Beach is also planning for extensive dredging and landfill projects on their side of the city boundary line. Long Beach and Los Angeles may be fiercely competitive ports but on the other hand the ports certainly know when we need to get together and work for our common good. These dredging projects are one example of these efforts.

One other project that is certainly going to be for the betterment of the Ports of Los Angeles and Long Beach is a project called ICTF or intermodal container transfer facility. This project is a joint project of the Ports of Los Angeles and Long Beach. The ports will have equal money into it and have equal right for its use by tenants in both ports. This

is the first significant project ever undertaken by the two ports. It is a project to build a railyard about 3 miles distance from both harbors. Today, the three major railroads serving Southern California have very extensive facilities in the downtown Los Angeles area. The containers that are coming in as imports or going out as exports must be trucked from any marine container terminal to one of the three railroad yards at distances of 18 to 22 miles. This distance and associated trucking costs has put the ports in a somewhat competitive disadvantage to other ports on the West Coast. We feel the project will help to alleviate any problems or noncompetitive situations that may exist today. The facility will accommodate up to 50 car unit trains with each rail car carrying two 40 foot containers depending on the length of the containers. The facility would be constructed on 150 acres of Port of Los Angeles owned property with about 230 railcar spots. It could be the largest intermodal container railyard in the United States when fully operational.

The major benefits to the environment that have been identified as a result of the ICTF are the reduction of truck congestion on the freeways and a reduction of air pollution emitted from the trucks transporting containers from the ports to the downtown railyards. There will also be a reduction in the use of finite fuels. We believe that the ICTF will lower the transportation costs of moving the containers in our small segment of the total transportation movement of that box by increased efficiency at the ICTF, better service, and a shorter haul distance. The project will also improve the efficiency of the marine container terminals within the ports.

Bernard Hale

Deregulation has indeed revolutionized the area of transportation in the country. The advantages that have been noted just in the last couple of years are as follows: truck load rates become far more competitive and in fact are down about 5% from the levels they were in 1980 that means a lot when you factor in inflation to the bottom line. Larger shippers, frankly are saving freight costs. Some 65% of 200 manufacturers surveyed recently are getting lower rates overall. There are 50% more interstate carriers now than there were in 1979. You heard where we're really evolving into 6 major large rail networks with some bridge rail carriers, that is not the case in the motor carriers end of the business although railroads now operate some very efficient truck lines. Service and pricing though as a result have become far more competitive. But, overall it certainly is what we call in free trade a far more efficient system. Carriers are being far more innovative at improving productivity, lowering their costs through all kinds of research simply because they've got to survive, and there is nothing that makes you more competitive than survival.

The railroads are doing a superb job and have for many years frankly in going to their customer and saying what does it take to really make this more efficient as a total transportation concept? They've spent megabucks in designing rail

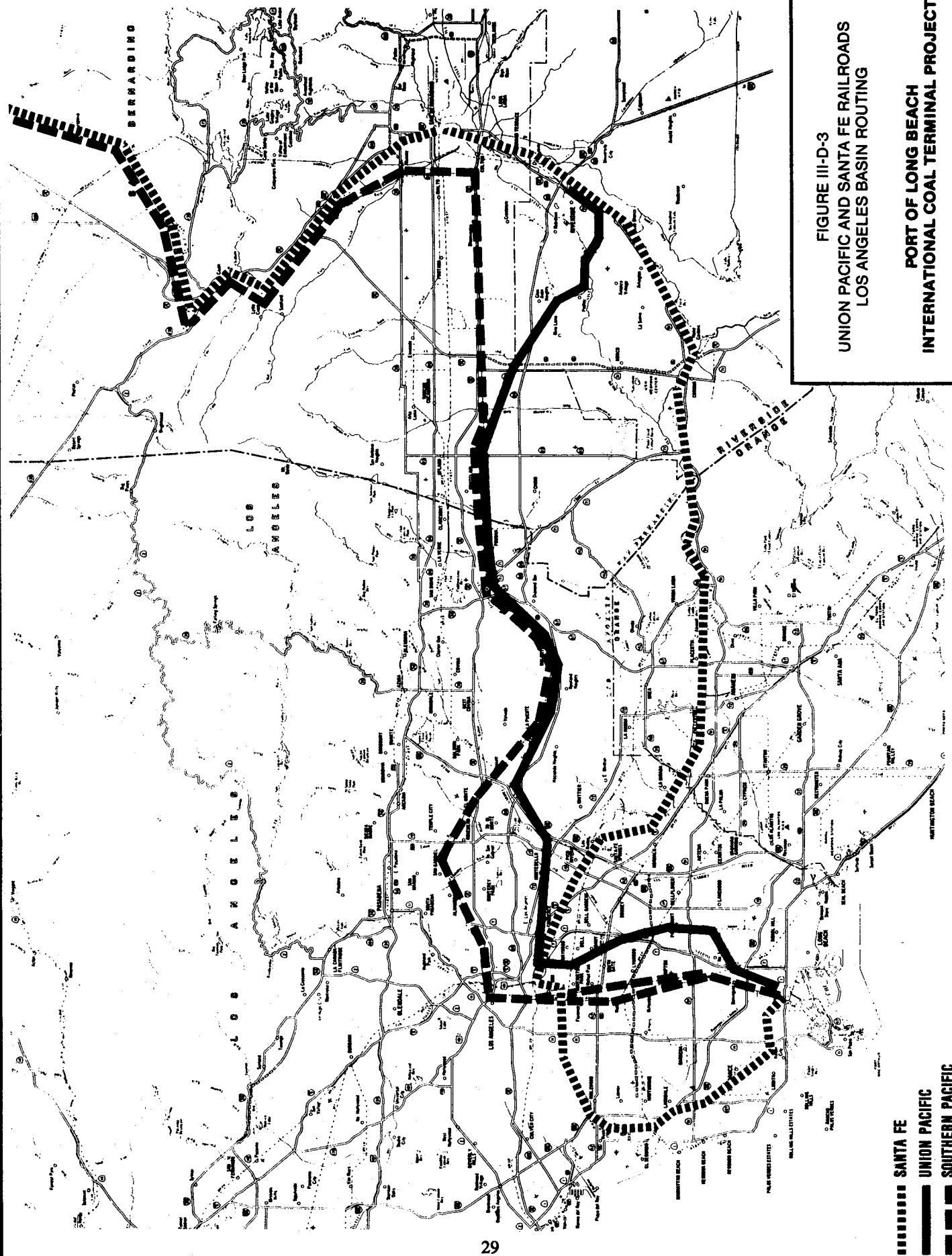


FIGURE III-D-3

UNION PACIFIC AND SANTA FE RAILROADS
LOS ANGELES BASIN ROUTING
PORT OF LONG BEACH
INTERNATIONAL COAL TERMINAL PROJECT

UNION PACIFIC USES SANTA FE TRACK BETWEEN RIVERSIDE AND BARSTOW

----- SANTA FE
———— UNION PACIFIC
———— SOUTHERN PACIFIC

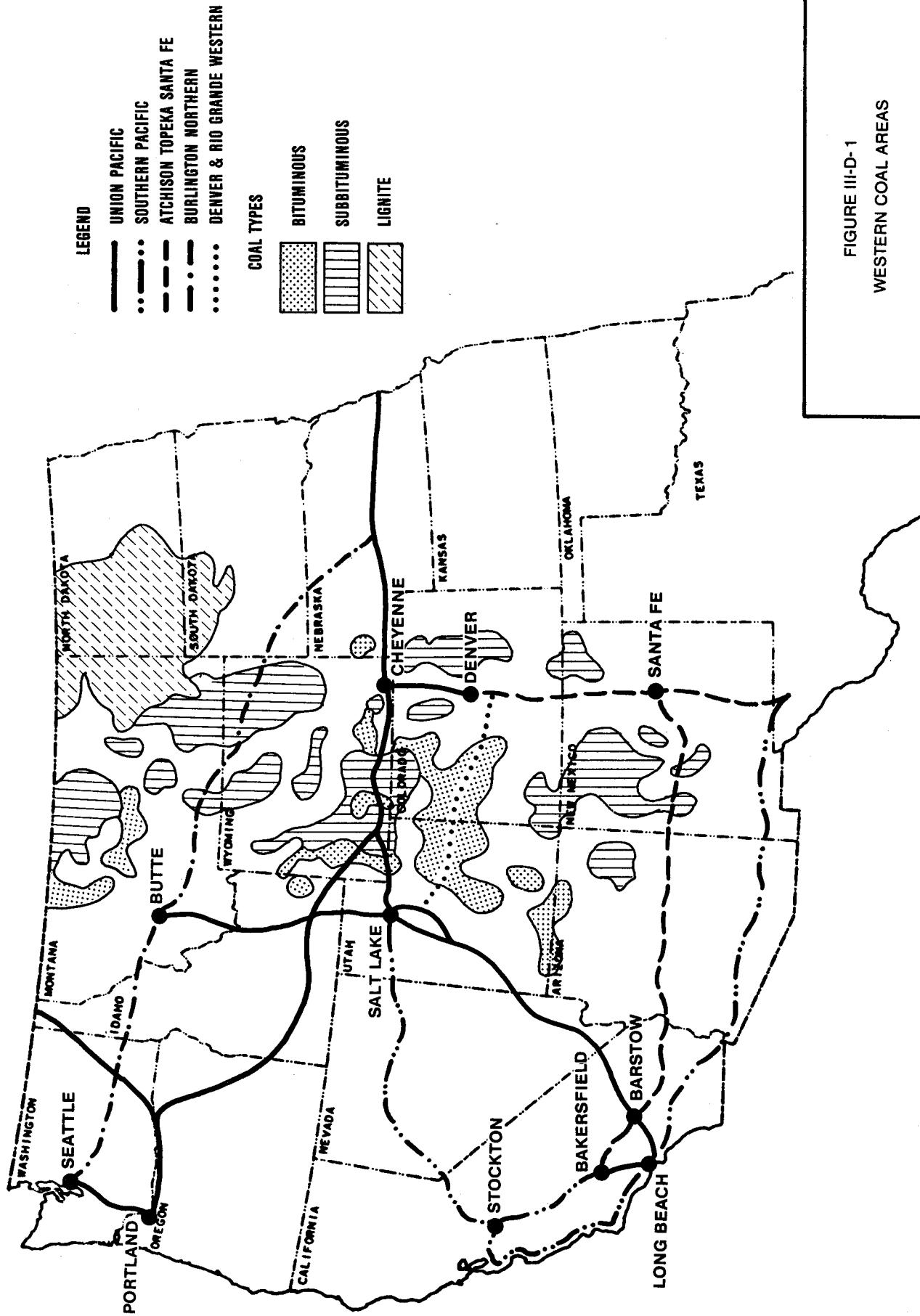


FIGURE III-D-1

WESTERN COAL AREAS

PORT OF LONG BEACH
INTERNATIONAL COAL TERMINAL PROJECT

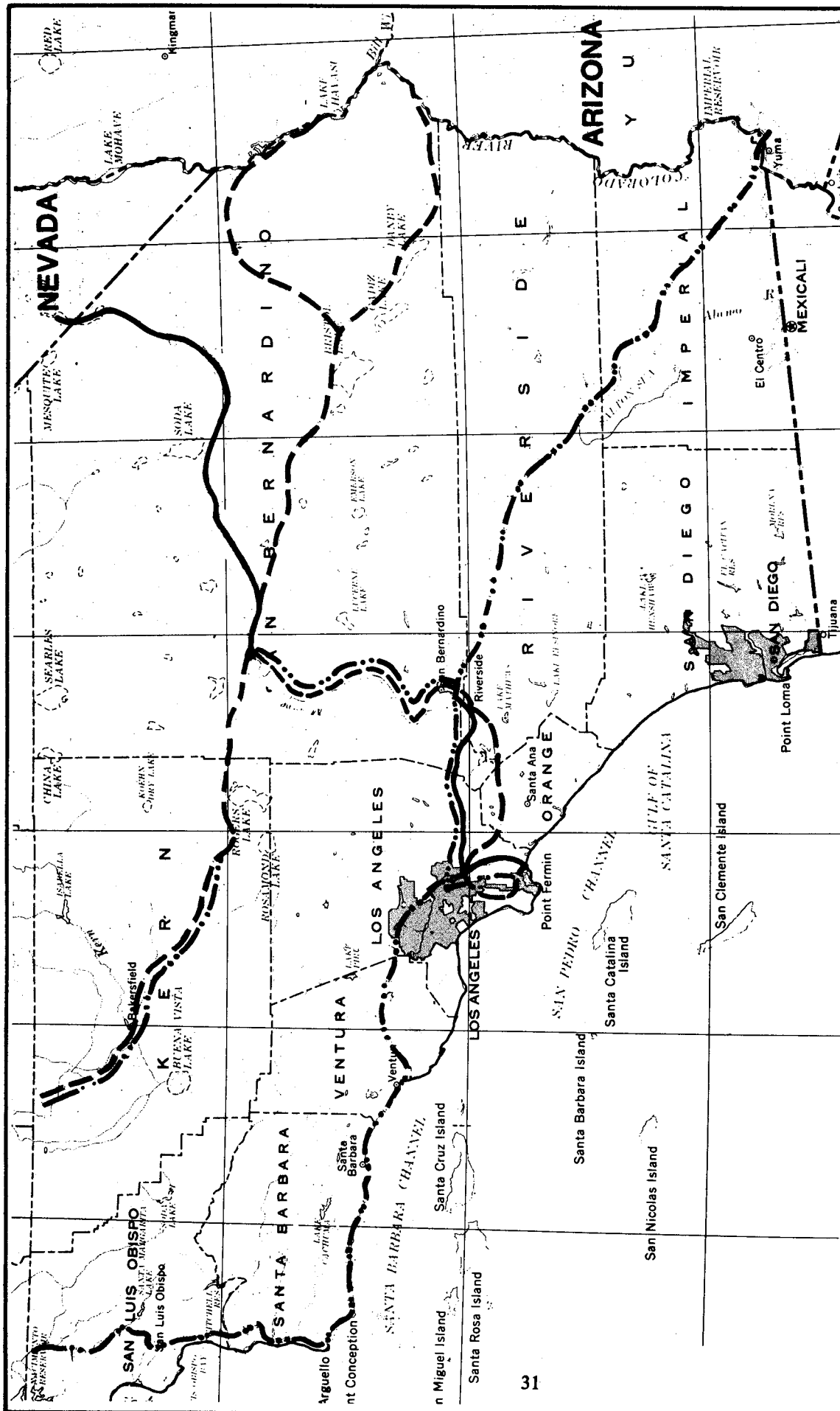


FIGURE III-D-2
MAJOR RAILROAD ROUTES
SOUTHERN CALIFORNIA
PORT OF LONG BEACH
INTERNATIONAL COAL TERMINAL PROJECT

LEGEND
 — UNION PACIFIC
 - - - SOUTHERN PACIFIC
 . . . ATCHAFALAYA, TOPEKA & SANTA FE

ROUTING LINES REFER TO TRACK OWNERSHIP AND NOT TRACK USAGE

cars and material and handling systems for grain, automobiles, all kinds of commodity.

Piggy-back of course has become a common place thing. I was reading a brand new text book that came out a couple of days ago and it might be interesting for you railroaders to note that one of the chapters says that, when you design your new distribution centers remember rail box cars will be a thing of the past in a few years. Well I frankly don't agree with that, but it's kind of stunning thing to see in print in a textbook.

The ability now, from a shipping stand point, to really use intermodalism has expanded vastly over the past 10 years. I'm amazed at the choices that you now have. Many carriers that in the old days where strickly domestic carriers didn't think much of international shipping anymore than Bergen Brunswig did; now we are branching into international service. We have got to start looking at our markets internationally not strictly within our own state or United States borders. Second item, goods can now be certainly loaded more easily and shipped more easily both domestically and internationally in the same containers. Vast progress has been made in the material handling equipment, agreements to interchange, through service and bill ladings, piggy-back, all of that is really made this far more simple. Use of bill lading service, combining inland to port, rail or truck shipping with ocean transport carriage can result in far lower rates too. I noticed that ACL on the east coast is committed to 15 new ships that will literally cut the cost of operating a ship in fuel by 50% when they go into the water in 1985. That's certainly going to heat up that competition in the Atlantic. Deregulation has made the job of the traffic manager transportation manager far more complicated and far more important to the average shipper then it was 2 or 3 years ago. The need for professional transportation managers now is accelerating, its going to continue to accelerate as more shippers realize that this is an area where you need very sophisicated management domestically and internationally and I suggest then that the last thing is that transportation managers really should strive to increase their knowledge of how to deal with the global market, not just domestic.

Tony Stapleton

In relation to the movement to rail traffic in international type of movement we see the ports as a service function as an interchange point between the rail carriers and the ocean carriers. It's a good facility for the movement of cargo. The rail carriers into and out of the harbor facilities carry all types of traffic; coal, various other bulks, automobiles, agriculture products, agriculture equipment, and the biggest one single product which is containers. Containers as been mentioned as an intermodal movement and intermodal traffic has been deregulated and whether that's good or bad is up to each individual to decide.

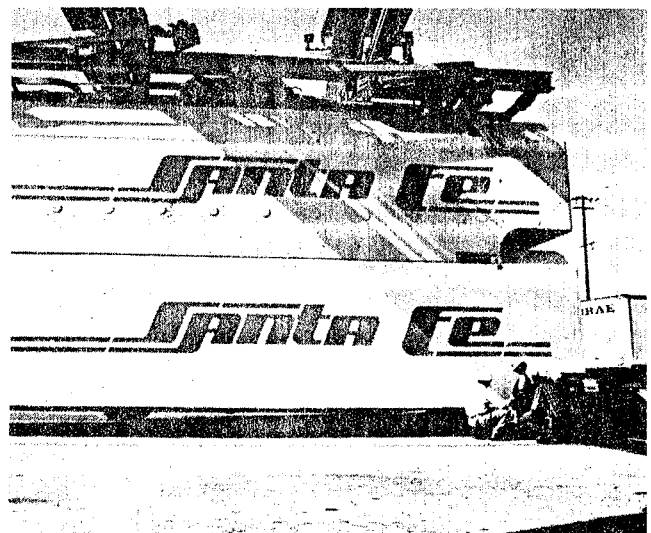
The Santa Fe Railway for the most part is becoming a wholesaler. We establish rates with third party billers or steamship lines on volume movements. They take that price and put their own pencil to it and go out to the general ship-

ping public and offer them a full transportation service. This is fairly recent development, it started before deregulation but with deregulation it has grown. The same thing holds true with the steamship lines, now rather than a rail carrier going out and soliciting cargo for international movement. It's actually done by the steamship line through their bridge tariff.

A Stack FuelFoil Container is a type of container that the Santa Fe has designed that can be used both to handle bulk products and package goods. They're so designed that they can be directly interchanged between a rail carrier and an ocean carrier. We have had some movement with these units. Being a completely new way of moving cargo there are some bugs, but they are being worked out and we think that this will be something of the future. One of the things that the rail carriers have always had a problem with is a two way haul on any product. In the particular type of equipment it seems we've always built equipment to service one particular industry or group of shippers which has been detrimental to us. The steamship lines now have the same problem because they have all their imports coming in and no way to get their empty containers back, so maybe if we design something that will work well for everybody it will be really great.

We have also built what on the Santa Fe we call Ten Pack Rail Cars and other rail carriers call them six pack cars. Other rail carriers have stack cars. What they are, are new innovative designs of rail equipment. We've taken the old heavy, rail cars and striped it down to its barest necessity to lighten the weight to increase our efficiency our fuel efficiency, and our handling efficiency.

We feel that the rails, as somebody had talked earlier about the world becoming a giant trading platform, and we feel that the rail carrier is a strong link in that and we cannot just look to a domestic manufacture of a product to supply our rail traffic. We have to look to international avenues for the rail traffic. The movement of cargo across the United



Fuel Foiler containers can be stacked, and haul a variety of products.



States if the the United States continues at its current course of being a service country, will be very necessary. We think that this is the way of the future we feel that anything that the rail carrier can do to enhance the United States companies ability to export cargo; we're more than willing to walk a long mile to do it.

Lila Cox

Well in summary, you have been told by Art and Lee about the plans for improving both the Port of Long Beach and the Port of Los Angeles. At the present time they can take everything with the exception of maybe 8-10% of the larger vessels and with the dredging program that has been described to you by both of them very shortly they will be able to accept all shipping. The facilities are being enlarged with container handling equipment and the classification yard facility to move your exports as fast and as economically as possible, reducing congestion in the surrounding city. Lee touched on the improvement of the port adjacent area of improving the highway situation into the port. The use of trucking and the deregulation Staggers Act of 1980 and its impact upon the shippers has been touched upon by Bernie for us and he has also made us aware of the caveat of how we must be careful of the kind of shipping that we do. He's also expressed to us the potential that he has seen in exports. Tony's told us of the different kinds of facilities and equipment that the railroad's are at the present time developing for the use of all of the export products to encourage and help them to go along; also the problem that concerns the bridge systems and why it's difficult to get our freight back and forth and why exports are tremendously important to the United States.

Intergovernmental Public Policy And Export Transportation— Making the System Work



Renee Simon
Deputy Director—Transportation Planning
Southern California Association of Governments



Warren Harwood
City Council Member
City of Long Beach

William L. Oliver
Principal
Railroad Operations/Safety Branch
California State Public Utilities Commission

Renee Simon

Good afternoon. It has been a long day and it is late in the afternoon. I am Renee Simon. I am the Deputy Director for Transportation Planning with the Southern California Association of Governments and our panel is to discuss intergovernmental public policy. We have two panelists. Our third panelist was unable to join us because of illness at the last minute. Before I introduce the panel let me very briefly set the stage for you, as to the opportunities for intergovernmental relations to expedite exports. We have heard a little bit about the Staggers Rail Deregulation Act, we know about EIS and EIR's, but there really has been very little direct discussion about the opportunity for governments to work with each other and with the private sector, or the implications of legislation and regulations. I hope our panel will address some of those opportunities. Art Goodwin just previously gave you a brief explanation of the work that we at SCAG have done in the last year and a half as far as developing, promoting and finally seeing ready to go \$58 million worth of highway improvements in the port area. We were able to bring together, for the first time in one room, around one table, all of the participants who are involved in the export trade. Our policy advisory committee involves Caltrans, the United States Navy, the Corps of Engineers, the Los Angeles County Transportation Commission, state legislators, county supervisors, the Trucking Association, the three railroads, and all of the cities that are involved in the area. And as we've gone on now to look at rail and the implications of intergovernmental relations in rail, our study's committee is involving even further the six counties that SCAG represents since the freight trains - particularly coal — from Wyoming and Utah, and Colorado are coming through these counties. So we are now also involving Riverside County, San Bernadino County, and Orange County.

The questions then that we have to look at are; what can we do to improve the opportunities for exports through all of our ports but specifically in this area through the ports of Los Angeles and Long Beach and what can we do to facilitate the opportunities for governments to work together?

Warren Harwood

I have forty thousand constituents to deal with and on November 30 at approximately 5:35 pm, the gates came down at the intersection of South Street between Cherry and Paramount Blvd. According to one reliable person who reported this to the police and to me, the gates did not come up again to allow traffic to pass that railroad intersection until approximately 6:37 pm. I did not really placate the lady; she described youngsters and adults climbing between the freight cars and actually pushing bicycles under the cars, trying to cross the tracks.

Now that sounds like a really tiny issue. It affected probably a couple thousand Christmas shoppers, a small town city council member, and nobody got run over by the train. But the fact is that this is the kind of thing that is going to have to be addressed in this area if we are going to optimize support for exports, imports, rail activity, port activity, or whatever. I think what we are going to have to do is recognize that too narrow a view of what we are doing and why we are doing it and who is affected and who benefits and who pays is not going to get the job done.

I have suggested that the challenge for us all is to achieve equity on all fronts, and for the citizens of Long Beach of whom approximately 16,000 live within 1,000 feet of these rail lines in my district. We have three crossings: Artesia Blvd., South Street, and Market Street/Candlewood; none of them are grade separated. We have a request from Union Pacific Railroad Co. for a double track across one of these with no apparent mitigation or separation or anything just, at grade double tracking where now we have a single track.

I think, without all the players working together and cooperating we are just not going to optimise our ability to provide facilities, services and the wherewithall to get the exports out. I wanted to mention that the answer that we have been able to work out for continuing port expansion is to possibly move some of that freight in areas where the people are not so heavily involved or to mitigate some of the impacts of the rail freight through particularly the northern part of Long Beach and some of the other communities.

The Southern California Association of Governments, in cooperation with port agencies, railroads and others, is completing with the help of consultants a study which will suggest whether there are alternated routes for the freight movement and I am hopeful we will come up with some alternatives, identify some sources of revenue to help pay for the grade separations and help pay for whatever it is going to take to achieve some measure of equity in this whole matter. It is my position that some of the revenues generated in the Port of Long Beach ought to go to help mitigate some of the problems that are caused coming and going out, par-

ticularly through my district and some of the adjacent communities. I believe that if the people problems are not addressed; that political support at the local level may be eroded. I would suggest, for example, here in Long Beach, in Los Angeles and some of the other areas there are politicians, large town, small town and all the rest who represent constituencies, and I think it is proper that we do. I think there is a proper role for the federal government and the state government and some other agencies to come in and help with the mitigating of some of the impacts.

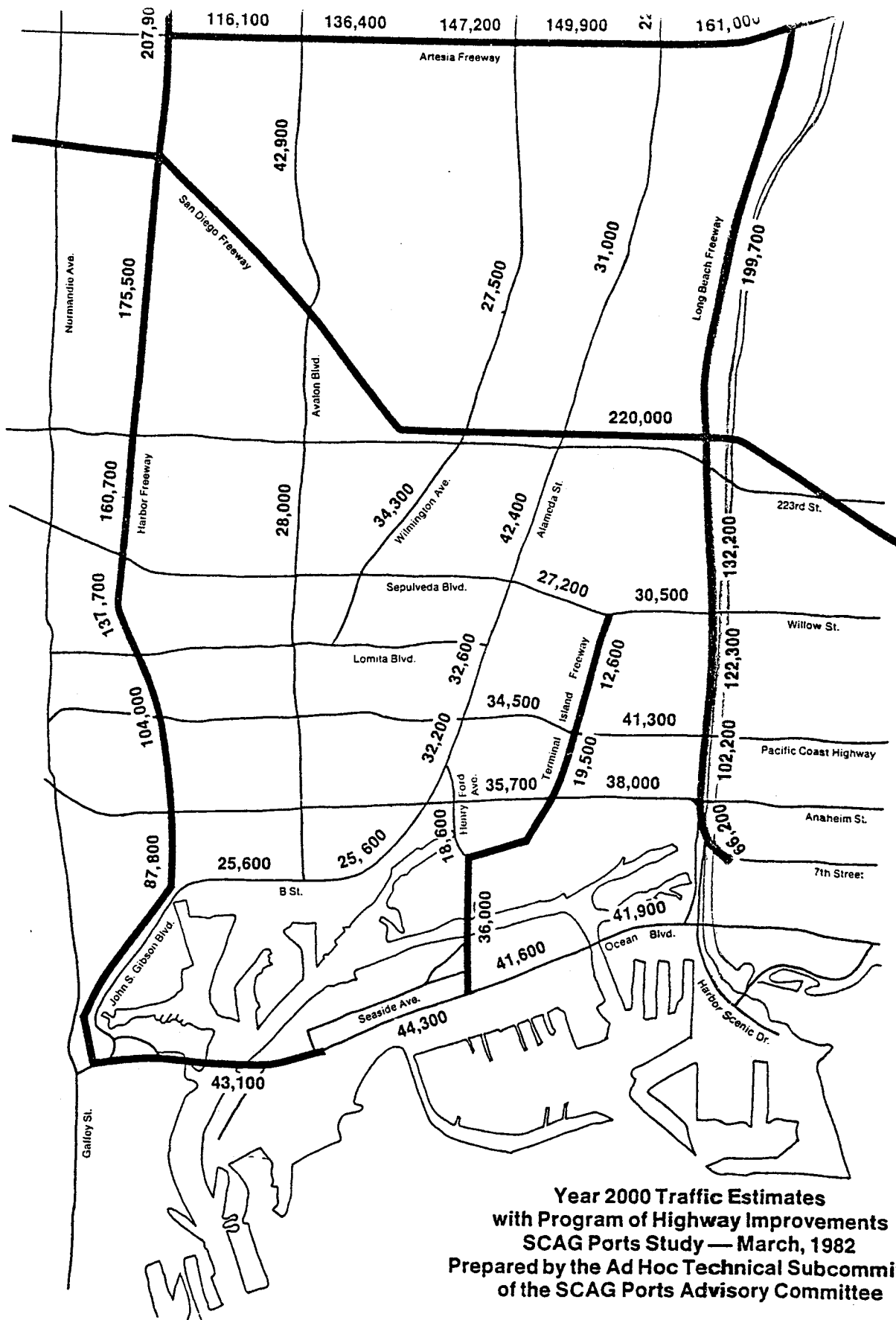
William Oliver

I would first like to say it's a pleasure to be here today to have the opportunity to speak before this group about some of the Commission's involvement in transportation of goods to ports for export. I have divided feelings about being last on the agenda. By this time everything could have been said so there's no need to proceed, or time has run out so can't say what I have prepared or there is an abundance of time and I don't have enough material to fill the gap. I prepared a paper, and there is a limited number of copies available. I don't plan to read it to you but just highlight its contents.

First, I would like to give you an idea of what the Commission is and what it is involved in. The Commission consists of five Commissioners appointed to six-year staggered terms by the Governor, confirmed by the Senate. The staff is headed by an Executive Director who administers eight divisions. It has a wide range of authority over fixed (phone, gas, electricity, water, etc.) and transportation (rail, bus, truck, boat) utilities. Jurisdiction involving rates, entry, exit, service and safety comes from the State Constitution, Public Utility Code, and other laws and codes. The jurisdiction varies with the utility.

I am in charge of the Railroad Operations and Safety Branch of the Transportation Division. The Branch is involved in the service and safety elements of railroad regulation. It is made up of three sections. A transit section that deals with safety oversight of planned and operating rail transit systems, light and heavy rail systems. A railroad operations section that is concerned with the promotion, adoption, and enforcement by railroads of safe and efficient operation and maintenance of the equipment and facilities. A traffic engineering section that deals with safety at railroad/highway grade crossings, railroad mergers and abandonment, and environmental review

After hearing all about the P.U.C., the question is: "What does it have to do with export transportation?" Our primary involvement is in the area of rail service to terminals and ports. Our jurisdiction and concerns are varied. One area is the safe movement of trains, which includes: crew safety and proficiency, safe movement of hazardous materials, crossing blocking, train moves in peak vehicular periods, and train speeds. In grade crossing safety we are concerned with: environmental impact, vehicular delay, installing signals where needed, constructing grade separations, and



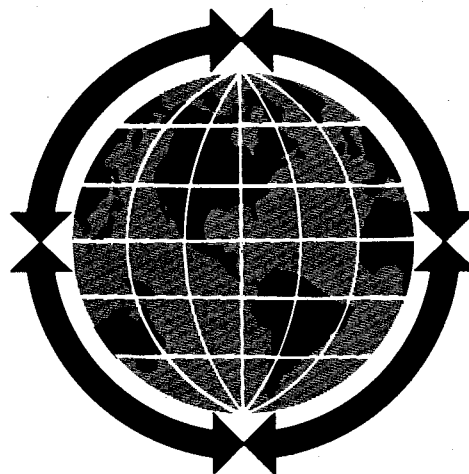
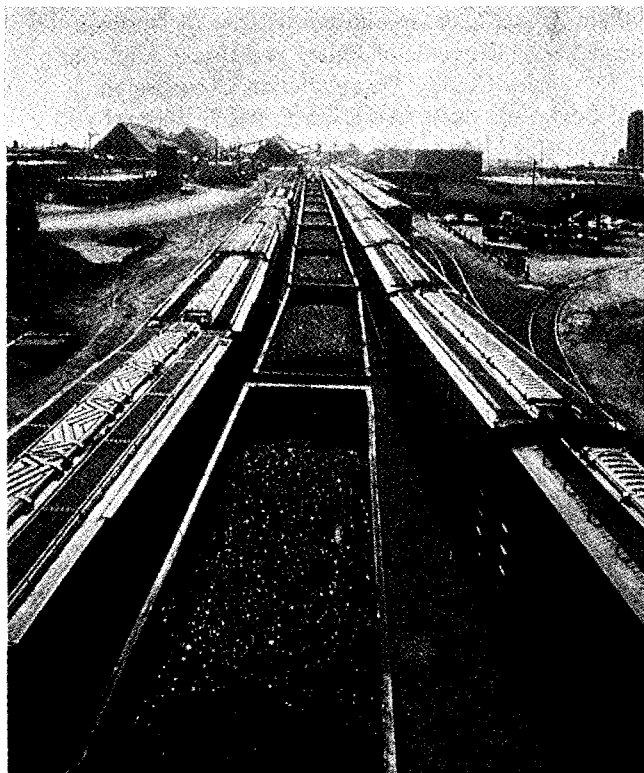
closing unnecessary crossings. We administer two funds to assist in paying for crossing signals and grade separations. Both have limited amounts and are inadequate to fund all the projects, particularly the grade separations.

Another concern is the coordination and/or compatibility of new and existing facilities and systems. How do systems such as: LRTs, Hi-speed rail, Amtrak, local and through rail freight service, long slow-moving unit trains to ports and street and highways interact.

We let our concerns be known by dealing with a multitude of parties. These include the public at large, railroads, planning agencies, cities, counties, port authorities, districts, State agencies, federal agencies and consultants. With our jurisdiction over railroads, we sometimes become the arbitrator between the parties to resolve differences, through formal hearings, if necessary.

One of the questions in the purposes of this workshop was: "How might the system be improved?" There are things that are in need, in my view. Most port areas, due to their geography, are highly congested and sources of vehicular delays and frustration. Rail lines that lead to ports are usually high volume, and any additional or change in frequency compound existing problems. At present, there are hundreds of crossings near ports, in need of separation. Funds should be made available so these separations can be constructed when needed and not wait until delays and casualties are unbearable.

The other thing I would suggest if you are involved in any new or changing systems, that you involve all the affected parties early and keep the lines of communication open.



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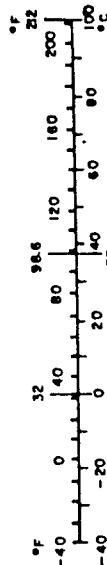
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Approximate Conversions to Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
LENGTH				
in	inches	2.5	centimeters	cm
ft	feet	30	centimeters	cm
yd	yards	0.9	meters	m
mi	miles	1.6	kilometers	km
AREA				
in ²	square inches	6.5	square centimeters	cm ²
ft ²	square feet	0.09	square meters	m ²
yd ²	square yards	0.8	square meters	m ²
mi ²	square miles	2.6	square kilometers	km ²
acres	acres	0.4	hectares	ha
MASS (weight)				
oz	ounces	28	grams	g
lb	pounds	0.45	kilograms	kg
	short tons (2000 lb)	0.9	tonnes	t
VOLUME				
teaspoon	teaspoons	5	milliliters	ml
fl oz	fluid ounces	15	milliliters	ml
c	cups	30	milliliters	ml
pt	pints	0.24	liters	l
qt	quarts	0.47	liters	l
gal	gallons	0.95	liters	l
ft ³	cubic feet	3.8	liters	l
yd ³	cubic yards	0.03	cubic meters	m ³
		0.76	cubic meters	m ³
TEMPERATURE (exact)				
°F	Fahrenheit temperature	5/9 (after subtracting 32)	Celsius temperature	°C

Approximate Conversions from Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
LENGTH				
mm	millimeters	0.04	inches	in
cm	centimeters	0.4	inches	in
m	meters	3.3	feet	ft
m	meters	1.1	yards	yd
km	kilometers	0.6	miles	mi
AREA				
cm ²	square centimeters	0.16	square inches	in ²
m ²	square meters	1.2	square yards	yd ²
km ²	square kilometers	0.4	square miles	mi ²
ha	hectares (10,000 m ²)	2.5	acres	
MASS (weight)				
g	grams	0.035	ounces	oz
kg	kilograms	2.2	pounds	lb
t	tonnes (1000 kg)	1.1	short tons	
VOLUME				
ml	milliliters	0.03	fluid ounces	fl oz
l	liters	2.1	pints	pt
l	liters	1.06	quarts	qt
l	liters	0.26	gallons	gal
m ³	cubic meters	35	cubic feet	ft ³
m ³	cubic meters	1.3	cubic yards	yd ³
TEMPERATURE (exact)				
°C	Celsius temperature	9/5 (then add 32)	Fahrenheit temperature	°F



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